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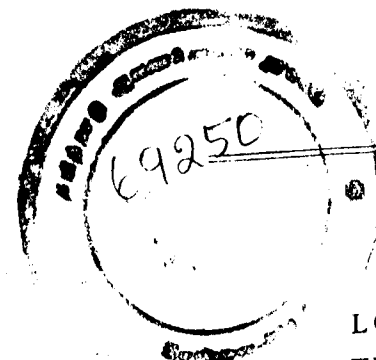
THE ECONOMIST

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

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PREMIER AND CABINET

It is just a year since Mr Baldwin stepped into the shoes of Mr MacDonald as Prime Minister. The Cabinet was then reconstructed because of a growing sense that for various reasons—including the state of Mr MacDonald's health—the affairs of the nation were suffering from lack of direction and divided responsibility. The Cabinet had, in fact, become a committee without real direction; and the country heaved a sigh of relief when the chief of the dominant Party took over the reins. Though history is not repeating itself in every particular, it is obvious that the Government barometer has once again fallen very rapidly—partly due to the course of events, but even more to lack of public confidence in the cohesion of the Government and in the leadership exercised by its chief.

One of the oldest conventions of British constitutional practice is that the Cabinet must speak with undivided voice on all issues of Government policy. The convention is essential in a democratic system; for if the Prime Minister cannot secure its observance, the majority in Parliament cannot give firm support to the Government of the day. Cabinet and party will thus disintegrate and the Government itself become the target of factions and cabals.

Since the General Election the Cabinet has certainly not given an impression either of security or of discipline. These seven months have witnessed the dropping of one Foreign Secretary by Mr Baldwin in response to a wave of national indignation against a *volte-face* in the Government's foreign policy; his replacement by another Foreign Secretary who has been unable to prevent a second tergiversation in that field of Government policy; the re-inclusion of the first Foreign Secretary as First Lord of the Admiralty; and, finally, in recent weeks, two vital declarations on foreign policy by Cabinet Ministers not directly concerned with foreign affairs who professed to be merely "thinking aloud." The Chancellor of the Exchequer has been able to think aloud about the Government's aban-

donment of sanctions before it was decided upon by the Cabinet. The Secretary for War has been able to think aloud about what amounts to a military alliance with France in Paris, with the approval of the Foreign Office; and the Government have not disavowed his public cogitations.

These incidents have reached a climax at a moment when our diplomacy has suffered a humiliating failure, when Germany has almost contemptuously ignored the questions we put to her two months ago, and when our friends—in doubt where Britain's policy is leading—regretfully note the waning of our influence and prestige.

Small wonder that in all quarters of the House, as in all parts of the country, a sense of political *malaise* has steadily grown. Has the Prime Minister lost control of the Cabinet? Is there a single coherent Cabinet foreign policy? The Prime Minister says he will retire when he sees fit. But will this be sooner or later? How will the Cabinet be pulled together, and by whom? Who will be in, and who out? While such questions are being asked, Mr Baldwin has unfortunately been compelled to take a week's rest at Chequers and to hand over the reins for the moment to Mr MacDonald and Sir John Simon—the respective leaders of the two minority groups in the National Government.

It can hardly be doubted that these events are harbingers of a domestic political crisis. True, the Government is still in possession of an overwhelming majority in the House of Commons; but this merely means that, though the crisis will in all probability have important repercussions on the political situation at home, it is in origin Governmental and not Parliamentary.

At the moment of writing little can usefully be said about the personal issues involved. Indeed, it is possible that any Cabinet changes may be postponed until the end of the session. But whether Mr Baldwin remains as Prime Minister, or takes some other office, certain things are

necessary to repair the damage that has been done. And a changed outlook in political opinion at home must be carefully noted.

The first thing to be done is clearly to tighten up discipline in the Cabinet. When a former Chancellor of the Exchequer, Mr Lloyd George, made his historic excursion into the realm of foreign affairs at the time of the Agadir crisis, we have it on the authority of all the parties concerned that the text of what he had to say was seen and approved by both Sir Edward Grey and Mr Asquith. They both thought the speech would be helpful. His remarks emphasised the determination of Great Britain to take her stand firmly on the position already laid down in various agreements with France. The two speeches to which exception is now being taken are in quite a different category; for both suggested a change of direction in the most vital aspects of our foreign policy. Lord Halifax began his defence of Mr Duff Cooper in the House of Lords on Wednesday by observing that "it was extremely unwise for a Cabinet Minister to make a speech on any matter even remotely connected with foreign policy without the fullest preparation and most careful examination by all his colleagues." Interpreted literally, this is going very far in days when most public questions are indirectly associated with foreign affairs. But on so vital and so delicate an issue as our relations with France—where Locarno, where staff talks, and where our common obligations under the Covenant have made it so difficult to draw the line—the dictum of Lord Halifax is the only safe guide.

Discipline, then, is the first necessity. It is easy to enforce discipline if the policy of the Cabinet is clearly defined. It is extremely hard if the Cabinet has nothing to say. This is a moment when the formulæ of two or three months ago sound very much out of date; and it is obvious that British policy needs to be re-stated in the light of the events that have followed one another so rapidly in recent weeks. The general objectives remain the same. They need to be re-stated in the light of Italy's victory, the League's failure to protect one of its weaker members, and the re-armament of Germany. The man holding supreme responsibility for the Government of this country—whoever he may be—must quickly undertake the task of defining where we stand, and of unfolding a definite and constructive policy. Until this is done our voice will cease to count, events will pass us by, and Britain will give the impression of a ship with slack sails drifting idly in the doldrums. Either from Mr Baldwin or from someone else a fresh effort is needed if the Government's fortunes are to be restored.

Yet, whether this initiative is forthcoming or not, the events of recent months cannot fail to affect the balance of political forces in this country. Though there may not have been any pronounced swing to the Opposition, the popularity of the Government has certainly waned; and the Labour Party has seized the occasion to launch a nationwide campaign which will be carried into every sphere of policy—social, industrial and foreign. The new Unemployment Assistance regulations, the inadequacy of the School-leaving Age Bill, a rise in the cost of living, the Government's capitulation to the coalowners at the cost of consumers, the working of our tariffs in favour of vested interests like the iron and steel producers—all these will be invoked to supplement the main attack on the Government's failure in the foreign field. There will, in fact, be a sharpening of party divisions which will be accentuated if a new Cabinet sheds its "national" complexion and becomes avowedly Conservative.

Whatever advantages or disadvantages this evolution might have in other circumstances, it would clearly be a misfortune at the present moment if it led to a violent controversy over re-armament. This is the least appropriate subject of party rancour in any country. It can only be avoided if there is substantial unity—as there was unity last September—on the principles to be pursued in our foreign policy. The Government must re-state their foreign policy for their own credit's sake. It is even more essential to do so in order to prevent dissension and divided counsels within the country on a subject where our national interests demand that we should speak with one voice.

FRANCE'S NEW DEAL

THE victory of the Front Populaire in France—the very name is proof of the French workers' recognition of identical interests—seemed the beginning of a new political and social era, just as many American workers envisaged a rosy future after Mr Roosevelt's first election. It seemed the end of uncertainty, exploitation by Government and employers alike, and unemployment. The stay-in strike began as a spontaneous gesture of belief in the new Government's support of, and identity with, the working class. *Nolens volens*, the Government was forced hastily to adopt a whole series of social and economic measures, in themselves extremely important, which had never been fully prepared. Besides the social and economic measures on behalf of the workers, the Blum Government agreed to introduce legislation to alter the relationship between the Bank of France and the Government, to nationalise the armaments and munitions industry, to establish a wheat monopoly on behalf of farmers, to raise the school-leaving age, and to alleviate the pressure of mortgage and bank indebtedness on small farmers and business men.

There are moral as well as economic reasons why this movement for a "New Deal" developed so quickly. While some money wages, especially for skilled labour in the building and in several metallurgical trades, remained virtually stable throughout the depression, most other categories of wages—particularly in the textile industry—fell as fast as, and sometimes faster than, the cost of living. Thus, real wages as well as money wages had in some cases declined since 1932; and this was especially the case in the industrial North and East. Moreover, short-time and unemployment had imposed crushing burdens on the workers' families, without any nation-wide organisation of unemployment assistance. The French worker's standard of living had always been low—lower than that of his English *compatriote*—but during the deflation and depression in France in the last three years it had progressively declined, until working-class families in many industrial districts found themselves below the poverty line. Moreover, last August the cost of living began to rise again at a time when the downward pressure on wages was still being exerted by the Laval administration's measures. It was obvious that a readjustment of the workers' share in the national income could not be long delayed.

The swift legalisation of the workers' demands was followed by results which could have been expected. The French Federation of Trade Unions (*Confédération Générale du Travail*) before May of this year counted a membership of 1,100,000—mostly railwaymen, miners, civil servants and, to a smaller extent, textile workers. This membership has now increased to 3,600,000, and includes nearly all unions. Despite the difficulties of competition and the different interests of large and small enterprises, the employers are also trying to organise themselves in unions; so that collective bargaining should in time facilitate relations between employers and employees.

Whether the French working class as a whole will draw the full and expected benefit from the reforms adopted under the "Matignon Agreement" and the new laws, is quite another problem. Paid holidays have been, till now, the exception, save in one or two very big metallurgical plants, a few mines, and the companies operating under charter or concession, e.g. railways, public utilities, etc. Their extension to all wage-earners is an important advance. Again, thanks to the new public works programme, the housing conditions of the French working class should soon be on the way to improvement—now before it was due.

But these things and the rise in wages mean higher costs; and it is scarcely to be doubted that the cost of living will tend rapidly to increase. On the one hand, agricultural prices will be pushed up by the new wheat monopoly, not to mention the effects of a possible crop failure after a wet spring. On the other hand, the general increase in the earnings of those classes which have had abnormally low incomes will result in a bigger demand for consumption goods—financed, for the greater part, out of inflation—and this will tend materially to raise retail prices. Some signs are already apparent of a tendency to discount in advance such a rise in retail prices.

The French "New Deal," however, must exert a more general bearing on the country's economic life and on the welfare of all classes. The French price system, for long trembling in the balance, is now in complete disequilibrium. It is too early to calculate the rise in industrial costs of production caused by the "New Deal," because the 40-hour week is not yet effective, save in a few individual instances; it will probably not be able to enter into general application for some months; and the agreements between employers and unions are not yet completed in many branches of industry. The following table, however, gives some indication how certain industries would be affected by an increase of 35 per cent. in the cost of labour. (This percentage is a maximum, and presumes a 40-hour week.)

	Proportion of Wages in the Cost of Production (1933)	Net increase in the cost of Production
	%	%
Coal mining	62	21.7
Cotton spinning	48	16.8
Farm implements	38	13.3
Hardware	33	11.5
Building	40	14.0
Automobile	23	8.0
Rayon (one individual company)	35	11.5

Other costs, similarly, are bound to rise: raw materials, transport, distribution, etc. Theoretically, a rise in prices should be welcome after five years of depression, and the American precedent is often invoked. But Mr Roosevelt's "New Deal" consisted essentially in restoring the profit margin of the employer while granting a large proportion of such increased profit to the wage-earner. The system now to be applied in France consists in raising the wage-earner's share without any attempt to restore the profit margin.

From the employers' point of view the problem thus becomes extremely serious. But here, again, distinctions should be drawn. The heavy industries (iron, steel, coal, chemicals) will probably suffer less. Either they sell to the State or Government agencies and will be able to raise their prices; or they are sure to be protected by tariffs and quotas when the necessity arises; or, in some cases, cartel prices leave them at present a fair margin which could be reduced without undue hardship. In addition the bigger concerns enjoy good credit or large liquid resources and will therefore be able to increase their machinery and equipment and, in a few months' time, reduce their labour costs by such rationalisation. The situation is quite different for several other industries, including the textile industry and all smaller enterprises. Competition there is very keen, and increased labour costs for the small organisations, which up to the present have only "held on," may bring them to the verge of bankruptcy. It is true that the Government is endeavouring to grant small producers credit facilities, but their problem is not only one of liquidity. It is a question of their profit margin. To help them efficiently, their productive capacity would need to be raised considerably, so as to lower their cost per unit. In short, the result of the latest reforms is likely to be rationalisation, elimination of smaller units, industrial concentration, and reduced dividends.

The social and financial implications of the reforms are even more obscure. Elimination of the smaller business units and industrial rationalisation mean an immediate increase in unemployment. This will tend to offset the effects of a general abolition of overtime, paid holidays, a 40-hour week, and public works. It may, in addition, put out of work several small independent employers, who have always been a strong element in the French middle class.

On the other hand, the financial burden weighing upon the Government is extremely heavy. Not only the Budget and railway deficits, but the proposed policy of cheap credits (which may well turn out to be mere subsidies) will result in inflation. The fact that no gold embargo has yet been imposed leaves the door open to capital exports, and this may well continue to counteract the effects of inflation, as it has done during recent months. There is a chance, however, that the increase of incomes may develop the

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internal market to such an extent that a kind of economic equilibrium would be restored if *only the rise in prices were rapid enough*. This rise in prices is the essential condition for the success of M. Blum's experiment. But then a dangerous dilemma will have to be faced. The Government has up to the present remained equally adverse to devaluation and to a closed economy system. Whether the experiment proves a success—in other words, if all prices rise practically in line—or whether the experiment fails, a choice between the two can scarcely be avoided much longer.

ELECTRICITY DISTRIBUTION

(BY A CORRESPONDENT)

WITH commendable promptitude, the Committee set up by the Minister of Transport in July, 1935, consisting of Sir Harry McGowan, Sir John Snell (chairman of the Electricity Commission), and Mr John Morrison, have issued their recommendations for the improvement of electricity distribution in this country. The Central Electricity Board's grid for the national transmission of the electricity which "authorised undertakers" are compelled to sell to the Board was completed last year. At once it became obvious that the nation-wide organisation of electricity transmission would not yield all its advantages as long as the distribution of "grid" electricity to consumers was left to innumerable competing concerns in all regions of the country.

The Committee now recommend the appointment of an unspecified number of District Commissioners to work out detailed plans for the reorganisation of electricity distribution to consumers, each for one district, and to draft the lines on which such plans should be based. The mandate of such a District Commissioner would be to consolidate the electricity supply system of his district into larger units by negotiating—with compulsory powers in his pocket—the absorption of the smaller undertakings by the larger, whether private company-owned or municipally-owned. The size of unit envisaged is not specified; but since the compulsory powers applicable to undertakings with an output of less than 10 million units are more drastic than for those of larger size, it is clear that a minimum well above this limit is presumed.

In cases where company undertakings survive—and it now seems likely that the greater part of the electricity distribution industry will fall into company hands—the franchises (licences) which are to be established should run, it is suggested, for fifty years. This period would apply to the wholesaling rights which the companies now hold in perpetuity, to distribution rights which they now hold (with varying unexpired periods of the usual 42-year franchise) and to the distribution rights which are to be taken over from other authorities. The private concerns are

to be subjected to control over their earnings. This is to be effected by sliding scales which connect the rates charged to consumers with the profits allowed. The basic earnings which are allowed (*before* the addition of the sliding-scale benefit to the companies) are to be slightly in excess of the present level of profits, with a further allowance for unfructified capital. The Electricity Commissioners are to revise the sliding scales every three years if necessary, in view of any changed circumstances. Local authorities which are dispossessed of their electricity undertakings are to receive in compensation the value of their physical assets at cost, less depreciation. Dispossessed companies are to be more generously treated, compensation being payable not merely for loss of present earning power, but also for loss of prospective increases in profits during the validity of the new franchise.

There are two broad issues on which the views of the Committee will receive almost unanimous approval. First, the desirability of larger units for electricity operation and distribution; second, the necessity for compulsory powers. The industry's history is strewn with attempts to bring some measure of rationalisation into the industry. They have failed because Parliament was unwilling to impose compulsion, even when co-operation would have been manifestly to the advantage of the supplier as well as of the consumer. The Committee's report refers to many such examples, but it omits two which are *à propos*.

In 1904 certain enterprising persons promoted legislation to compel the London Supply Companies to make intelligent co-operative arrangements for generation of electricity. Had it not been for the rarest of Parliamentary accidents, legislation would have been concluded; but at the last moment it was frustrated. Twenty long years, and a sum running into seven figures, were wasted in individual generation before the London Electricity Acts of 1925 achieved the same object. The 1925 Act made provision for similar co-ordination of distribution in London; it was not until 1935 that the first steps were taken to carry out that co-ordination. Again, the Central Electricity Board would have been unnecessary if the companies and local authorities had had sufficient business sense to take advantage for themselves of the easily demonstrable economies of "pooled generation."

It has been a common criticism of the industry that its management has been, generally, in the hands of technical men rather than of business executives or administrators. If the leaders of the industry have hitherto been slow to obtain, in the interests of their undertakings, so obvious a technical economy, it is scarcely surprising that, on the purely commercial side, the operation of the companies has been such that the general public has been led to believe that they are both inefficient and exacting in their charges. True, there are many exceptions. The North Eastern Electricity Supply Company, Ltd., for example, has built up a large system which, on the technical side, very largely forestalled the Central Board, and on the commercial side has been both enlightened and mindful of the public interest. But more intimate knowledge than that of the general public certainly suggests that the company-owned undertakings, by and large, have shown neither outstanding commercial efficiency in the pursuit of their own interests, nor overmuch zeal for those of the consumers.

The report claims that the steady increase of demand for electricity in recent years is testimony to the efficiency of the industry. It is doubtful whether the general public would accept this as adequate evidence. An interesting sidelight is thrown, both on the efficiency of some undertakings and on the attitude of the Committee, by their observation that, in the area of one undertaker, there have sprung up no less than thirty-two unauthorised undertakers, operating without statutory powers, and supplying some 29,000 consumers and 5,000 public lamps. This was apparently quoted by the undertaker, and accepted by the Committee, not as evidence of the statutory undertaker's high rates or lack of commercial enterprise, but as a sad case of a statutory undertaker being deprived of his natural prey.

If the operation of company undertakings has on the whole fallen short of reasonable standards, both in business efficiency and also in public responsibility, what reason is there for leaving large companies in possession of

the field for another fifty years? True, there are a number of companies open to neither reproach. But there is no particular reason to think that the virtues are found rather among the large companies than the small; and the terms proposed for compensation are such that (unless a crushing burden of capital charges is to be imposed on all consumers) District Commissioners will find themselves compelled to hand over the greater part of their districts to the larger companies, whether these are good, bad or indifferent. Consumption of electricity is not likely to streak ahead on this showing.

In so far as the report envisages the transfer to Local Authorities of a substantial district surrounding their own area, there is less ground for criticism. For although the administration of electricity supply by Local Authorities has, on the average, fallen as far short of the ideals of business efficiency as that of the companies, they have given service on much more economical terms—at all events, to domestic consumers. There does not, however, seem much logic in an arrangement which would give the citizens of Carlisle responsibility for electricity supply in districts perhaps twenty miles beyond their boundaries.

Inevitably a good deal of opposition to the Committee's recommendations will arise. Local Authorities which have developed their own undertakings and are giving efficient service at reasonable prices will scarcely view with equanimity the proposal to transfer their constituents to power companies from whom, at best, future reductions in rates are likely to come more slowly than if the present arrangements continue. It is hard to see how the District Commissioners will effectively carry out their duties, even within the limitations imposed on them. Delimitation of their districts alone will call for a great deal of careful study. Where are ten or twenty men of the requisite ability, special knowledge, and personal disinterestedness, ready to tackle such tasks merely on a temporary basis?

The report implicitly recognises that the ideal solution of the country's electricity distribution problem would be the constitution of regional authorities. There will be general agreement with this view, particularly when it can be shown that suitable arrangements could be devised to ensure public responsibility and public accountability. They are ready to prepare the way for such a solution—in fifty years' time! But they absolve themselves from recommending it for immediate application, on the ground that its institution would involve dislocations. One could have hoped that so eminent a Committee, even if they refused the ideal solution, would not have set their seal on temporisation and delay. Unfortunately, it seems too much to hope that the Government will be bolder than its advisers.

CAPITAL MARKET ANOMALIES

CONDITIONS in the London capital market in the last six months have presented a series of curious anomalies. The number of new prospectuses and offers for sale has been large enough to give a superficial impression of abundant activity, but closer examination suggests a different conclusion. The residential building boom continues to be financed mainly through the building societies. The steel industry has so far satisfied its requirements largely by bank accommodation or by offering new capital to existing shareholders. The majority of new company prospectuses—in which engineering concerns have figured prominently—have mainly transferred established businesses from private to public hands. Only a modicum of new working capital has been left over after satisfaction of "purchase considerations" and issue expenses.

Altogether, activity in the uncontrolled areas of the market has been unspectacular. In the gilt-edged new issue market, the British Government has not appeared as a borrower. Only the Australian and New Zealand Governments have made conversion offers on any considerable scale. The feature of the half-year, has been the flotation of a series of 3 per cent. home corporation loans at issue prices which have steadily declined from 101 (for Smethwick) in January to 98½ (for Salford) at the end of May. The absence of any further corporation issues in

the past month suggests that the authorities may have halted the queue of new borrowers once again.

Our customary computation of the total value of the half-year's new issues throws these tendencies into strong relief. We have supplemented our normal figures of direct public offers by including the proceeds of indirect placings which have reached the public through the medium of Stock Exchange "permission to deal." Our method of enumeration was explained in detail in the *Economist* of May 28th last (page 695), and it is necessary here merely to reiterate the warning that, while our old basis figures certainly underestimate the total new capital made available to the public, the new basis totals may err in an opposite sense. The following table shows the old basis totals for a number of past years and the new basis figures for the first two quarters of 1935 and 1936:—

NEW CAPITAL ISSUES, CLASSES OF BORROWERS
(£ millions)

	Total	British Government	Foreign and Colonial Govt.	British Colonial and Foreign Corpns.	Foreign Railways	Mines, Finance, and Exploration	Rubber and Oil	Balance (Mainly Home Industry)
Old Basis								
Whole year 1928	389.0	83.8	56.1	26.4	3.1	49.7	8.7	141.2
" " 1932	188.9	102.8	23.8	28.9	Nil	2.7	0.8	29.9
" " 1933	244.8	150.8	29.4	24.6	Nil	6.1	0.2	33.7
" " 1934	169.1	44.1	8.4	36.1	Nil	23.9	1.9	54.7
" " 1935	236.1	88.0	2.9	51.1	Nil	28.3	0.1	67.7
1935—1st quarter	29.0	8.5	2.1	9.5	Nil	1.2	Nil	7.7
2nd quarter	81.8	52.9	5.8	7.5	Nil	1.7	Nil	13.9
1936—1st quarter	20.1	1.3	1.5	5.7	Nil	3.1	0.2	8.3
2nd quarter	76.8	41.6	6.9	6.3	Nil	7.0	0.1	14.9
1935—1st quarter	27.3	3.0	Nil	3.1	Nil	4.1	0.1	17.0
2nd quarter	38.0	Dr. 0.5	Nil	12.3	Nil	3.0	0.1	23.1
1936—1st quarter	61.9	0.7	Nil	40.5	Nil	4.8	0.7	15.2
2nd quarter	37.4	Dr. 0.8	Nil	5.4	Nil	5.1	0.7	27.0
New Basis								
1935—1st quarter	74.7	3.0	0.7	3.7	0.2	12.7	0.9	53.5
2nd quarter	66.0	Dr. 5	Nil	12.6	Nil	6.6	0.2	47.1
1936—1st quarter	94.7	0.7	1.3	41.0	0.1	7.9	0.8	42.9
2nd quarter	79.2	Dr. 0.8	2.4	6.0	0.2	8.1	1.1	62.2

The market, clearly, is much less active to-day than in 1928, when industrial production, as a whole, was lower, and interest rates were higher. The really influential borrowers of pre-war years were Governments (especially foreign Governments), railways and overseas industries like rubber and oil. These classes of borrowers are obtaining practically no new money in London to-day. In the first half of this year some 47 per cent. of the total issues on the old basis (and some 60 per cent. on the new basis) have gone mainly into home industry, while domestic borrowing as a whole, as the next table shows, has accounted for as much as nine-tenths of the aggregate, on either method of computation:—

DESTINATION OF NEW CAPITAL

	Old Basis				New Basis	
	First Half Years of				First Half Years of	
	1933	1934	1935	1936	1935	1936
United Kingdom:						
Government	£ 61,420,800	£ 42,850,000	£ 2,500,000	£ Dr100,000	£ 2,500,000	£ Dr100,000
Other	39,799,700	35,315,500	87,851,300	90,173,800	124,543,300	156,736,500
	101,220,500	78,165,500	90,351,300	90,173,800	127,043,300	156,836,500
British Possessions:						
Government	6,989,500	8,481,200	Nil	Nil	264,000	410,000
Other	1,615,100	9,150,200	4,998,300	8,751,000	11,940,000	11,982,900
	8,604,600	17,631,400	4,998,300	8,751,000	12,204,000	12,392,900
Foreign Countries:						
Government	985,000	Nil	Nil	Nil	519,400	3,290,500
Other	36,800	1,103,300	182,800	447,300	930,900	1,682,400
	1,001,800	1,103,300	182,800	447,300	1,450,300	4,972,900
Grand Total	110,806,500	96,899,200	95,300,200	99,272,100	140,697,600	173,932,300

In the first six months of each year, from 1933 to 1936 inclusive, on the old basis, the percentages of domestic to total borrowing have been 92, 80, 92 and 91. The balance has gone almost entirely to the British Empire, the share of non-British countries in each of the four years

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having been no more than 0.9, 1.1, 0.3 and 0.5 per cent. respectively. Even on the new basis, domestic borrowing accounted, in the first half of 1935 and 1936, respectively, for 91 per cent. and 91 per cent., British possessions for 9 per cent. and 7 per cent., and foreign countries for only 1.1 per cent. and 2.8 per cent.

Which industries have been responsible for the greater part of this mainly industrial and mainly domestic borrowing? The next table gives the answer:—

ANALYSIS OF NEW CAPITAL APPLICATIONS (EXCLUDING CONVERSIONS)

	Total for First Half of Years			
	Old Basis		New Basis	
	1935	1936	1935	1936
British Government loans	£ 2,500,000	£ Dr100,000	£ 2,500,000	£ Dr100,000
Colonial Government loans	Nil	Nil	264,000	410,000
Foreign Government loans	Nil	Nil	519,400	3,290,500
British corporation, county and public board loans	15,440,200	45,988,400	10,311,400	47,027,900
Colonial corporations and public boards	Nil	Nil	Nil	Nil
Foreign corporations	Nil	Nil	Nil	Nil
British railways	Nil	Nil	495,300	Nil
Colonial railways	Nil	Nil	Nil	Nil
Foreign railways	Nil	Nil	270,100	336,000
Australasian mines	1,208,000	186,000	1,208,000	418,900
South African mines	1,100,000	3,217,200	2,842,700	3,733,100
Other mines	1,172,000	1,711,500	2,630,200	2,845,300
Exploration, financial and investment trust	3,676,100	4,716,200	11,407,300	9,107,200
Breweries and distilleries	575,000	421,400	2,675,900	2,693,100
Merchants, importers, etc.	80,000	593,200	60,000	632,200
Stores and trading	3,528,000	127,500	8,769,500	4,080,900
Estate and land	2,958,200	561,300	3,760,000	949,200
Rubber	115,000	1,079,000	1,079,000	1,227,400
Oil	Nil	303,500	Nil	675,900
Iron, coal, steel and engineering	4,476,800	11,052,100	6,397,300	15,716,800
Electric light, power and telegraph	2,630,800	4,634,300	5,219,700	6,019,400
Tramway and omnibus	Nil	83,400	3,884,100	6,201,300
Motor traction and manufacturing	945,000	1,139,500	1,312,500	4,674,100
Gas and water	2,706,800	590,700	6,300,400	6,274,400
Hôtels, theatres and entertainments	317,400	1,846,000	634,400	3,097,100
Patents and proprietary articles	1,065,000	275,800	2,022,200	1,891,400
Docks, harbours and shipping	Nil	62,500	9,702,900	2,294,600
Banks and insurance	1,529,400	2,488,400	1,529,400	2,488,400
Manufacturing and miscellaneous	19,285,700	18,380,900	47,905,900	60,152,400
Total	65,300,200	99,272,100	140,697,600	173,932,300

Taking the more comprehensive new basis figures throughout, it will be seen that the largest group total is that of "British Corporation, County and Public Board Loans," which have accounted for £47,027,900 in the last six months. Altogether, 29 authorities have visited the market during this period, the great majority being municipal corporations. An appreciable part of the money raised by these bodies, however, has been for conversion purposes, or for the funding of short-term obligations. Of the total shown in our table, as much as £30,324,492 has been taken for quasi-industrial uses, by borrowers like the Railway Finance Corporation, the Central Electricity Board, the Mersey Docks and the Northern Ireland Transport Board. Next in numerical importance in our table come the steel and engineering industries, with aggregate new borrowing of £15,716,800 in the last six months. This total is about two-and-a-half times as large as that of the first half of 1935, but a significant part of it has reached the market indirectly, by Stock Exchange placing. The motor industry has also taken more capital, by issue and by placing, this year than last, but the figures for almost every other home industrial group show a falling-off this year—including the residual and very representative manufacturing and miscellaneous section.

The flow of conversion operations appears also to be slackening, as the following table suggests:—

TOTAL CONVERSION OPERATIONS (OLD BASIS)

Period	Total Conversions Old Basis	Period	Total Conversions Old Basis
Whole year, 1928	324,041,983	First quarter, 1935	67,794,807
Whole year, 1932	2,510,774,302(a)	Second quarter, 1935	21,379,935
Whole year, 1933	223,141,000(b)	First quarter, 1936	44,170,503
Whole year, 1934	241,871,800(c)	Second quarter, 1936	37,815,538
Whole year, 1935	312,203,758(d)		

(a) Includes British Government Conversions of £2,478,967,382.

(b) Includes British Government Conversions of £50,757,000.

(c) Includes British Government Conversions of £105,000,000.

(d) Includes British Government Conversions of £204,000,000.

The total amount of stock converted to a lower interest basis in the second quarter of this year was higher than in the corresponding period of 1935 (thanks mainly to an Australian Commonwealth operation involving £16½ millions in the middle of May), the total for the last six months is £7,188,701 less than that in the first half of 1935. On page 42 we give supplementary tables showing the distribution of new borrowing between fixed interest and equity stocks, and the latest prices of some of the more important issues of the last six months. Broadly, our analysis of contemporary conditions suggests that British industry, in a period of rising production, is making no abnormally large demands on the public capital market.

A significant part of the recent expansion of production, clearly, has been financed internally, by the ploughing-back of profits, etc. Though the investment quality of some recent company prospectuses may have been open to criticism, there has been little quantitative evidence of boom conditions, corresponding, say, to those of 1928. If the free market is less active than might be expected, the controlled market can only be described as stagnant.

There is disturbing evidence, indeed, that present conditions are producing a tendency to atrophy in many of the market's normal functions. The authorities may soon have to make a definite decision on a major question of policy. Should contemporary anomalies be allowed indefinitely to remain? Or would a stimulation of new gilt-edged borrowing, even if it involved some rise in the "offered" rate of interest, be preferable to a regime of output restriction? These questions give point to the suggestion made in our article on "Future Monetary Policy," in the *Economist* of June 20th (page 663) that the monetary authorities should be prepared to expand the national credit structure, in case of need. The coincidence of a long waiting list of borrowers, with "indigestion" among investors, is ominous when a re-armament loan looms on the horizon.

BRITISH STEEL METHODS

The discussion in the Commons on Tuesday over the proposal to start a basic Bessemer steelworks in Jarrow, one of the most depressed areas, renders timely an examination of the possibilities of this type of steelworks. The Jarrow scheme has been held up, for the time being, by opposing interests, as described in a Note on page 9. The following article, by a special correspondent, discusses the advantages of the basic Bessemer process, which was to have been employed in the proposed works at Jarrow.

THE sharp increase in the costs of steel manufacture in this country during the past year, and the stringency of supply in the sections of British steelworks which produce both finished and semi-finished goods, have served to focus the attention of steelmakers on alternative processes of steel manufacture. The potential importance of these new processes can best be gauged by the large sums now being sunk in new British steelworks. Plans involving the expenditure of over £8,000,000 have been begun or completed in the past six months. The time is clearly ripe for investigating methods of steel manufacture not hitherto practised in this country; but perfected abroad.

Since the discoveries of Thomas and Gilchrist in 1879, the basic open-hearth furnace has dominated the British steel industry, as the following production figures show:—

	1901	Tons 1913	1925
Basic open-hearth	351,000	2,252,000	4,744,000
Basic Bessemer.....	496,000	552,000	28,000

Steel refining by Bessemer convertors was also developed on a commercial scale in the '80's; but from the outset this process lost favour in this country, largely owing to difficulties in standardising and regularising the quality. On the other hand, well over half the output of steel ingots in Western Europe to-day consists of basic Bessemer, commonly known as Thomas steels, of which over 25 million tons have been imported into this country since the war. For all practical purposes, these two processes hold the field. Concentration of capital and research for half a century upon Siemens and Talbot furnaces embodying the open-hearth principle has led to a very high degree of efficiency in British melting shops. But until fairly recently the balance of conditions, originally unfavourable to the working of the basic Bessemer process in this country, had not altered sufficiently to call for reconsideration.

Under the most favourable conditions for supplies of the right type of pig-iron and coke, basic Bessemer steel could now be produced in this country at a probable cost cheaper by 6s. to 10s. a ton than open-hearth steel. This comparison is based on a figure of 20s. per ton for the cost of converting blast-furnace iron and scrap under present practice in this country. Any further rise in the prices of coal and scrap will widen this margin; for the Bessemer convertor uses no outside scrap and no external fuel. In contrast, the gas producers that serve open-hearth furnaces require some 4 cwt. of coal per ton-ingot of steel.

The Bessemer-produced billets in finished form would not, it is believed, under existing arrangements for prices, be sold at lower prices than the corresponding open-hearth billets. With both rising costs and inadequate existing capacity, the higher margin of profit, therefore, provides an incentive at the present time for the laying down of Bessemer plant.

There are further considerations. A number of modern wide strip mills for the manufacture of tinplate and sheets are now either under construction or on the drawing board. Basic Bessemer steel is eminently suitable for the wheel stampings, motor-car parts and body work which are made from such sheets. Its welding properties often surpass those of open-hearth steel. South Wales tinplate makers have for years relied on foreign supplies of semi-finished basic Bessemer. The easing of the congestion in the British steel industry, which has this year necessitated emergency imports of foreign semis, largely basic Bessemer, is another potent incentive to lay down Bessemer plants. Open-hearth steels have been increasingly diverted to structural purposes and to shipbuilding, for which, under ruling standards, basic Bessemer may not be specified. The latter, nevertheless, is a complete substitute in bars, hoops and smaller sections, as well as in tubes. Failures in the structure of basic Bessemer are to-day extremely rare. Of the 1935 output of finished steel in the United Kingdom, not less than 1,500,000 tons, and probably as much as 2,500,000 tons, could have been manufactured from basic Bessemer without departing from specification.

The future equipment of the industry calls for consideration in the light of possible modifications in the International Cartel agreement, or of its breakdown in consequence, for instance, of currency devaluation on the Continent. Were it not for the current import quota restrictions, foreign producers would make every effort to increase their imports into Great Britain of finished steels and to decrease those of semi-finished. The encouragement and maintenance of high prices of finished British steel by tariff and quotas, makes the former business extremely attractive to the foreign suppliers. In the event, therefore, of some allocation of new British import quotas to foreign producers after next August, a new call would be made on this country's capacity for semi-finished steel of the basic Bessemer type. But even without this assumption, it is clear that a reduction in British steel exports below Britain's agreed export quota will become more probable

as the claims of home demand become more insistent. A supply of cheap basic Bessemer steel in this country would provide the British steel industry with a powerful competitive weapon in foreign markets, where Bessemer products are in general use. Bars, light sections and sheets and tubes amounting to nearly 1,400,000 tons were exported from the United Kingdom in 1935. This tonnage could have absorbed so much basic Bessemer at a lower cost. Of the total production of steel in this country in 1935, amounting to roughly 10 million tons, between 3 million and 4 million tons could have found a market in the form of basic Bessemer.

At a time of rising costs, there exists a strong case for the inclusion of the Bessemer process within some of the schemes now in hand for extension of the British industry.

Moreover, the majority of these schemes include rolling mills and ancillary plant, such as coke ovens.

With a view to the avoidance of surplus capacity and excessive competition in the British industry later on, the British Iron and Steel Federation is exercising strict control over the expansion of steel furnaces. Another of the Federation's anxieties is to preserve the balance between imports and exports established in their pact with the Continental Cartel. In this way, a tendency has arisen to bring old furnaces back into production, or to overload existing furnaces, rather than to develop on new lines which, as in the case of basic Bessemer conversion, would help to keep down the prices of British steel. This tendency, in the present situation of both the British industry and the home consumers of British steel, is to be deplored.

NOTES OF THE WEEK

The Week at Geneva.—The meetings of the League Council have this week been overshadowed by the Assembly, the negotiations between three of the Locarno Powers, and discussions between the representatives of all the Powers (save Italy) interested in Turkey's request for the remilitarisation of the Straits. In the Assembly meeting on Tuesday the Argentine delegate vehemently urged non-recognition of any aggressor's forcible acquisitions; after which the Emperor of Ethiopia made a dignified, but fruitless, plea for the League assistance on which he had counted in vain. His speech was marred by a shameful scene of disorder, unique in the League's history, perpetrated by a gang of Italian so-called journalists, who were arrested and expelled from the Canton of Geneva. The Assembly on Wednesday confirmed the impression that sanctions would not be officially lifted, but that each country would defect from the sanctions front. A spirited speech by Mr Te Water, the South African representative, who urged the retention of sanctions as the lesser evil in the long run, even if they provoked war with Italy, contrasted strangely with Mr Eden's apologia for the British initiative and Mr Bruce's lame support of it. M. Blum's speech on Wednesday at least made it plain that his Government aims at removing the distrust, evoked by M. Laval's equivocation, of French support of collective resistance to aggression. It was a constructive programme which M. Blum put forward in an uninspiring manner: no amendments of the Covenant, strengthening of the provisions for collective resistance to aggression, obligations to give military assistance to be confined to States in the various regional groupings, and the general obligations of Article XVI to remain binding on all League members. Mr Eden made no declaration of British policy whatever, beyond associating his Government with the Assembly's insistence on "no recognition." He merely said that it would be better to leave the question of "League reform" till September, and that, for the present, his Government was maintaining the arrangements for mutual assistance in the Mediterranean in case of certain eventualities. The Danzig and Straits problems (discussed in succeeding Notes) lent a touch of drama to what must surely have been the most depressing and dispiriting Assembly in the League's existence.

Danzig Again.—Herr Hitler's personal rancour at the damning—and therefore, to him, damnable—virility of the old non-Nazi German political parties in the Free City of Danzig is dangerous for Europe. The speed with which one "incident" there is now following on the heels of another emphasises that danger. The latest incident is the refusal of the commander of a visiting German man-of-war to attend an official reception given in honour of the vessel's visit to Danzig, by the League of Nations High Commissioner, Mr Sean Lester. The commander was

acting under official instructions from Berlin; and the meaning of the act of discourtesy has been emphasised in a statement issued by a certain Herr Foerster—the Nazi regional leader in the Danzig territory. Herr Foerster's explanation is that the direct understanding between the third Reich and Poland has rendered the presence of any representative of the League of Nations at Danzig superfluous. On this account, according to Herr Foerster, "the High Commissioner thinks that he must prove his right to exist in Danzig in other spheres"; and he does this "by constantly interfering in the internal politics of the Free City." The honourable Gauleiter goes on to declare that "there would long ago have been no more parties in Danzig if it had not been for the League of Nations"—and in this statement, which is as accurate as it is sincere, he ingeniously gives away his Führer's case. Even the limited measure of authority which the League High Commissioner at Danzig enjoys has been sufficient—when equitably and courageously exercised, as it has been, in Mr Lester's hands—to prevent the notorious Nazi methods from producing in Danzig the results which they have achieved in the Reich. To Herr Hitler, this is a standing reproach. And for this reason we are compelled to regard Danzig as being no less acute a danger point than the Bohemian Sudetenland. A Nazi *Putsch* in Danzig would drive Poland out of the German-Polish Pact, and Colonel Beck, perhaps, out of office. It is a good thing that Mr Lester has gone to Geneva to render in person an account of these problems to the League Council. Mr Eden is *rapporteur* for Danzig. It is to be hoped that, once again, he will impress on Dr. Greiser, the Nazi President of the Danzig Senate, who is also in Geneva, the urgent concern of the League and of the British Government.

After the Conventions.—The Democratic Convention at Philadelphia, contrary to all expectations, turned out to be a more contentious occasion than the Republican Convention at Cleveland a fortnight earlier. Not that there was any hitch in the re-nominations of President Roosevelt and Vice-President Garner; both were achieved by acclamation, and the small group of dissidents who attempted to represent the views of Mr Al Smith got some rough handling. But there was quite a severe struggle in the committee charged with drawing up the platform. Until a few weeks ago it had been assumed that the platform would be drawn up to cause the least offence, and that the President would "run on his record" rather than on promises of future action. Events immediately preceding the Convention, however, apparently caused a change of plan, to which the conservatives in the party only consented after long debates. The advocacy by Governor Landon of a constitutional amendment, the widespread criticism of the Republican platform for its vagueness and contradictions, and the appearance of Mr

Lemke as a Presidential candidate on Mr. Roosevelt's left flank, all encouraged the President to be a little bolder than had been his intention. The resulting document is hardly a blueprint for four years of legislation. It is, as all such manifestos are, wordy, unprecise and equivocal. But it does at least face the major issue of American politics, which has been avoided for the past twelve months. We know, it says,

That drought, dust storms, floods, minimum wages, maximum hours, child labour, and working conditions in industry, monopolistic and unfair business practices cannot be handled adequately by 48 separate State Legislatures, 48 separate State Administrations and 48 separate State Courts.

Having gone so far, the platform fails to say in so many words that the Constitution ought to be amended to increase the powers of the Federal Government, but proposes instead a "clarifying amendment" to confer the necessary powers on "the Legislatures of the several States and the Congress of the United States, each within its proper jurisdiction." But the intention is nevertheless clear and the issue is joined, albeit somewhat obliquely. Mr. Roosevelt himself said nothing on this paramount issue in his eloquent speech accepting the nomination. He preferred to appear as the champion of the "forgotten man" against the encroachments of economic autocracy. He accused the Conservatives of being the destroyers of American liberty. "Out of this modern civilisation new royalists carved new dynasties. New kingdoms were built upon concentration of control over material things. . . . Against economic tyranny such as this the citizen could only appeal to the organised power of the Government." This is the voice of Liberalism as the term is understood in Europe. It is the theme which won such instant acclaim for Mr. Roosevelt in his inaugural address in 1933. It remains to be seen whether it retains its appeal in 1936, now that it has been made clear that the Constitution, as well as the Republican Party, stands between the President's eloquent generalities and their translation into hard fact.

* * *

Russia and the Straits.—Last Saturday there was a talk at Geneva between M. Litvinov, Mr. Eden and M. Aras which seems to have cut the knot of the problem under negotiation at Montreux. An agreement has been concluded to accept a solution which meets the Russian demand. The gist of this demand was that, while the Powers with Black Sea coastlines inside the Straits were to be free to send their warships out through the Straits into the Mediterranean without any limit on maximum global tonnage, there was to be such a limit upon the tonnage of warships that may be sent in through the Straits into the Black Sea by the Powers whose seaboard lies outside. Mr. Eden has succeeded in persuading M. Litvinov to agree to a higher maximum global tonnage for incoming naval forces than the Russian statesman originally proposed. This concession, however, will make no substantial difference—and as for the concession which has been demanded by M. Paul-Boncour, M. Litvinov was no doubt able to accept it with as great alacrity as if it had emanated from himself. (Indeed, it may well have done so.) M. Paul-Boncour's stipulation is that the provisions of the new Straits Convention for the passage of warships shall not in any way restrict the passage of warships fulfilling obligations of assistance resulting either from the League Covenant itself or from agreements concluded within its framework. In other words, there is to be free passage through the Straits for any French or Russian warships on their "lawful occasions" in pursuance of the Franco-Russian Pact of mutual assistance. This decision—in which Turkey appears to acquiesce—seems likely to have profoundly important international consequences. At the moment when Germany has succeeded in slamming her once open back-door in the Rhineland, a waterway is being opened along which France and Russia may keep in contact *via* the Mediterranean, if either or both of them find themselves again involved in war with Germany. For Herr Hitler this new turn in the international situation is unexpected and disconcerting. The present Russian move may incline him to make two

retorts. In the first place he may be tempted to inform the British Admiralty that he can no longer hold himself bound to the naval ratios laid down in last year's Anglo-German naval agreement. Secondly, he may lend a more favourable ear to Herr Rosenberg's schemes for detaching the Ukraine from Russia—since this would have the incidental effect of depriving Russia of most of her Black Sea ports. The current of international discord is swiftly gathering speed. Are there falls ahead, or only rapids?

* * *

The Arabs' Retort.—The steady inflow of British reinforcements into Palestine from Egypt has not so far had any appreciable effect in repressing the Arab insurrection, which has now flared into a veritable guerilla warfare all over the country. Mr. Ormsby-Gore's speech in the Commons on June 19th has drawn a reply from the Higher Arab Committee at Jerusalem. The document is impressive because it goes to the heart of the controversy and takes an intransigent stand in studiously moderate language. The main points made by the Arab leaders are, first, that the Colonial Secretary's conciliatory tone was unaccompanied by any suggestion that Great Britain was prepared to change the policy to which the Arabs object; secondly, that the situation is graver than Mr. Ormsby-Gore admits; thirdly, that the Arab leaders, in continuing the strike, are doing what is demanded of them by Arab public opinion; and, fourthly, that "the only measure possible for allaying Arab fears" is "a permanent stoppage of Jewish immigration, the cessation of the sale of land to Jews, and the establishment of a representative national Government"—interpreted in the sense of a Government representative of all peoples in the country. It is not clear whether the Arab leaders are demanding representation in proportion to numbers or representation on a communal basis in an agreed ratio which need not necessarily correspond to the relative numerical strengths of the Arab and Jewish populations. It is clear, however, that, while the Arabs do not propose to evict the Jews who have already found a home in Palestine, they do demand that there shall be no further reinforcement of their numbers by immigration. This would mean that the present ratio of numerical strengths—400,000 Jews as against 760,000 Arabs—would steadily change to the Jews' disadvantage, since, in absolute numbers, the Arab community, by natural increase alone, has advanced neck-and-neck with the Jewish community during a period when the latter has been growing, not only by natural increase, but also by an extraordinary influx of immigrants. The prospect laid by the Arabs before the Jews now gives an ominous meaning to the Higher Arab Committee's concluding remark that "the expectation that Arabs and Jews can live peaceably together is contrary to both logic and experience." If neither community in Palestine can muster the statesmanship to suggest terms of settlement that would make life tolerable for the other community, the outlook is grim.

* * *

The Unemployment Scales.—The chance of an adequate Parliamentary discussion of the new unemployment relief scales, and the hope of achieving something like agreement, seem to be steadily waning. After months of procrastination, Mr. Ernest Brown, the Minister of Labour, announced in the House on Tuesday that he would lay the regulations before the House on July 14th. Members at once protested that this would not allow adequate time for consideration and discussion, since the session is adjourned on July 31st. Mr. Attlee pointed out that the Government have taken sixteen months to consider the matter, and Mr. Maxton asserted that only five Parliamentary days would be available between July 14th and July 31st for discussing the regulations. Sir John Simon replied that the Opposition had long complained of delay, and asked whether they now wanted a postponement still further. To this, however, various speakers, Labour and Conservative alike, retorted that the regulations should either be published before July 14th or else postponed to the autumn. It will certainly be highly unfortunate if exami-

nation of the regulations is in any way hurried. They are bound to be at once complicated and controversial; and they will affect many interests, including the local authorities. Indeed, when it is remembered that lack of proper consideration was an admitted cause of last year's fiasco, the Government's decision finally to rush the matter seems unwise. The regulations have to be accepted or rejected outright by Parliament and cannot be amended. In these circumstances it is bound to be said that the Government is trying to hurry them through Parliament at the tail end of a session when the minds of both M.P.s and the public are directed to holidays rather than politics. Doubtless this suspicion is unjustified. But would it not be possible to publish the regulations a little earlier so as to allow, say, a fortnight's consideration before they are actually debated?

* * *

The Jarrow Scheme.—In a speech at Newcastle on the morrow of the General Election, Mr. Baldwin endorsed the general desire that the North-East Coast should be one of the districts selected for the extension of iron and steelworks, consequent upon the Government's re-armament programme. At that time it was proposed to lay down a complete basic Bessemer steel plant at Jarrow, probably the most destitute town in any depressed area. This Continental process of steel manufacture (described in a special article on page 6) could have been developed with good economic prospects in the proposed works at Jarrow on an annual output of 500,000 tons, provided sufficient extra land for the site could be obtained. Such was the report of the expert adviser called in to examine the scheme, an expert who, it is said, was "very largely responsible for the highly modern steel plant of Stewarts and Lloyds." In December, Sir Andrew Duncan, chairman of the British Iron and Steel Federation, declared that the Jarrow proposition not only should go on, but that it ought to go on. Yet in the Commons on Tuesday, during a debate on the obnoxious Clause 6 of the Finance Bill (on which we commented on June 13th, page 596) it was announced by Mr. Lewis Jones, speaking "officially on behalf of the iron and steel trade," that "a number of important steel firms examined the (Jarrow) position from a technical and a commercial point of view, and were forced reluctantly to the conclusion that it was not a commercial and technical proposition." Here is direct conflict of evidence between interested and disinterested technical experts, the former anxious not to see an increase of competition in the North-East area, the latter called in only to advise the promoters of the Jarrow scheme. Mr. Jones protested that if anyone still cared to launch the Jarrow scheme they "would be welcomed as members of the British Iron and Steel Federation and get all the facilities that any other member gets." Quite; but the plain fact is that under Clause 6 of the Finance Bill, as shown in the White Paper which was forced from the Government last week, the Federation is to be given power to decree the extra-quota quantities of imports of foreign steel at specially low duties or even duty-free, and to allocate them among British concerns as it sees fit. It will thus be enabled to control the entire price structure of the iron and steel trade. There will be little economic breathing space for any steelworks which does not bow the knee to the Federation, once it has these unparalleled statutory powers. If ever there was a clear case for an impartial inquiry, it is this Jarrow affair.

* * *

Government and B.B.C.—Nearly four months after the publication of the Ullswater Committee's Report, on the terms for a renewal of the British Broadcasting Corporation's charter, the Government have issued their views on the Committee's findings. They are significantly in accordance with the official views of the B.B.C., as stated in the remarkable document which appeared simultaneously with the Committee's report on March 16th. The Government accept most of the Ullswater recommendations; (these were summarised in the *Economist* of March 21st, pp. 633 and 639). But the exceptions are bound to

cause some misgiving about the Government's motives. Why, for example, is it necessary for the Government to reject the Committee's recommendation that a Minister "free from heavy Departmental responsibilities" should be specially appointed to be "responsible in respect of broad questions of policy and culture"? The Government adduce as their reason the probability that such a Minister would in fact find himself obliged to exercise actual and perhaps political control over the B.B.C. But the Committee made it plain that day-to-day independence should be guaranteed to the B.B.C.; while the Minister should only be responsible for questions of "policy and culture." Independent management by the Corporation, as the Committee and the Government agree, must be maintained; but as the charter is now to be renewed for ten long and important years, it would have been as well to ensure that the time-honoured reply of the Postmaster-General: "This is a matter of the Corporation's everyday administration, for which I am not responsible" should not continue to obstruct Members of Parliament who wish to inquire into the policy of a great and important monopoly service. True, the Government's agreement to separate the Broadcasting Estimate from the Post Office Estimate will give at least an annual opportunity of reviewing all aspects of the Corporation's activities. But this is scarcely more than obtains at present; and it is insufficient. The Government have decided not to acquire the "relay exchanges," but to allow them to continue until 1939, as against the Committee's recommendation. (Technical improvements may render these exchanges unprofitable.) The Government also, somewhat surprisingly, consider it undesirable that capital expenditure proposed by the B.B.C. should henceforth be published in the Estimate, as suggested by the Committee; though the B.B.C. has assured them that the Corporation will always be ready to provide information which can be given to Parliament about contemplated developments.

* * *

Waterloo and Charing Cross.—At long, long last the deplorable controversy about Waterloo and Charing Cross bridges seems to be coming to an end. A fortnight ago the House of Commons decided to reverse its rather partisan resolution of last year not to allow the London County Council to borrow for the rebuilding of Waterloo Bridge. Mr. Herbert Morrison's tactics have thus succeeded, and he has got his money after all. Meanwhile, it is reported that a new road bridge at Charing Cross is to be recommended by the Committee appointed eighteen months ago by the London and Home Counties Advisory Committee. The bridge would be linked with the Strand by an approach on the North, and with an Elephant and Castle street improvement scheme on the South. The removal of Charing Cross Station to the South Bank is not to be recommended. We have thus come back to the plan of Lord Lee of Fareham's Commission for a combined road and rail bridge at Charing Cross. Subsequently, it will be remembered, an agreed scheme was reached after years of negotiation for the removal of the railway station to the South Bank—perhaps the ideal scheme from all points of view. By a tragic coincidence, however, this scheme saw the light just before the "economy" campaign of 1931, and it was abandoned accordingly. To-day it is no longer considered wasteful to develop the nation's assets; but two other changes have simultaneously occurred. Waterloo Bridge is being rebuilt in isolation, though Charing Cross was always to have been the substitute—and the Southern Railway's Charing Cross traffic has become of even greater importance. Presumably the new Committee has decided for this reason against transferring the

B R I T A N N I C
ASSURANCE COMPANY, LIMITED
(Established 1866)
Annual Income : : : : £6,200,000
Funds : : : : £26,000,000
All classes of Life, Fire, Accident,
Motor and General Insurances transacted
Chief Office: BROAD STREET CORNER, BIRMINGHAM

THE REVENUE

I.—An ACCOUNT of the TOTAL REVENUE of the UNITED KINGDOM, in the undermentioned periods of the Year ending March 31, 1937, as compared with the corresponding periods of the preceding year.

	Quarter from April 1 to June 30, 1936, compared with the corresponding Quarter of the preceding Year				Period from April 1 to June 30, 1936, compared with the corresponding Period of the previous Year			
	Quarter ending June 30, 1935	Quarter ending June 30, 1936	Increase	Decrease	Period ending June 30, 1935	Period ending June 30, 1936	Increase	Decrease
Ordinary Revenue	£	£	£	£	£	£	£	£
Inland Revenue—								
Income Tax	14,890,000	10,595,000	...	4,295,000				
Sur-tax	4,070,000	4,160,000	90,000	...				
Estate, etc., Duties	23,500,000	20,850,000	2,650,000	...				
Stamps	3,270,000	3,890,000	620,000	...				
Excess Profits Duty and Corporation Profits Tax	...	...	...	...				
Land Tax and Mineral Rights Duty	110,000	90,000	...	20,000				
Total Inland Revenue	45,840,000	39,585,000	710,000	6,965,000				
Customs and Excise—								
Customs	47,626,000	49,820,000	2,194,000	...				
Excise	26,100,000	25,100,000	1,000,000	...				
Total Customs and Excise	73,726,000	74,920,000	2,194,000	1,000,000				
Motor Vehicle Duties (Exchequer share)	682,000	770,000	88,000	...				
Post Office (Net receipt)	4,200,000	3,850,000	350,000	...				
Crown Lands	260,000	290,000	30,000	...				
Receipts from Sundry Loans	262,772	369,380	106,608	...				
Miscellaneous Receipts	4,385,193	1,756,276	2,628,917	...				
Total Ordinary Revenue	129,355,965	121,540,656	3,128,608	10,943,917				
Self-Balancing Revenue			£7,815,309	Net Decrease				
Post Office	13,800,000	14,700,000	900,000	...				
Motor Vehicle Duties apportioned to Road Fund	3,637,000	3,850,000	213,000	...				
Total Self-Balancing Revenue	17,437,000	18,550,000	1,113,000	...				
Total	146,792,965	140,090,656	4,241,608	10,943,917				
			£6,702,309	Net Decrease				

II.—An ACCOUNT showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the Period ending June 30, 1936, as compared with the corresponding period of the preceding Year.

RECEIPTS	Period ending June 30, 1935	Period ending June 30, 1936	ISSUES	Period ending June 30, 1935	Period ending June 30, 1936
Ordinary Revenue, as shown in Account I	£129,355,965	£121,540,656	Ordinary Expenditure	£74,356,704	£73,379,372
Self-Balancing Revenue as shown in Account I	17,437,000	18,550,000	Interest and Management of National Debt	1,151,964	1,241,985
Total Revenue	146,792,965	140,090,656	Payments to Northern Ireland Exchequer	950,060	693,065
Temporary Advances Repaid—			Other Consolidated Fund Services	...	...
Road Fund	...	...	Post Office Fund	...	...
Under the Cattle Industry (Emergency Provisions) Act, 1935	...	...	Total	76,458,728	75,314,422
Money Raised by Creation of Debt—			Supply Services—		
(a) For Capital Expenditure Issues—			Army, Navy and Air Votes	27,500,000	37,450,000
Under the Post Office and Telegraph (Money) Acts, 1931 and 1935	2,450,000	2,900,000	Civil and Revenue Votes (excluding Post Office)	81,612,000	80,941,000
(b) For other Issues—			Total, Supply Services (excluding Post Office)	109,112,000	118,391,000
By Treasury Bills	991,503,000	920,293,000	Total Ordinary Expenditure	185,570,728	193,705,422
By National Savings Certificates	6,450,000	6,150,000	Self-Balancing Expenditure	13,800,000	14,700,000
By 2½ per Cent. Funding Loan, 1936-61	...	71,650,000	Road Fund	3,637,000	3,850,000
By 1 per Cent. Treasury Bonds, 1939-41	...	...	Total Self-Balancing Expenditure	17,437,000	18,550,000
(c) Ways and Means Advances	309,005,000	480,820,000	Total Expenditure	203,007,728	212,255,422
Repayments—			Temporary Advances—		
In respect of Suez Canal Drawn Shares	...	...	Road Fund, under Section 27 of the Finance Act, 1928	...	...
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	32,107	33,328	Under the Cattle Industry (Emergency Provisions) Act, 1935	1,050,000	...
			Issues to meet Capital Expenditure—		
			Under the Post Office and Telegraph (Money) Acts, 1931 and 1935	2,450,000	2,900,000
			Redemption of Debt		
			Treasury Bills paid off	913,670,000	918,125,000
			Principal of National Savings Certificates paid off	7,050,000	7,000,000
			Principal of National Savings Bonds paid off	10,113,000	42,000,000
			Principal of Treasury Bonds paid off	317,165,000	417,885,000
			Ways and Means Advances Repaid	1,363,883	1,417,581†
			New Sinking Fund (1928)	...	...
			Issues under Section 1 (1) of the North Atlantic Shipping Act, 1934	259,228	255,460
			Issues under Section 4 (3) of the British Shipping (Assistance) Act, 1935	...	448,117
			Issues to National Debt Commissioners to reduce Debt—		
			Suez Canal Drawn Shares Repayments	...	...
Balances in Exchequer on April 1, 1935	£2,100,996	£2,119,161	Balances in Exchequer—	£1,456,128,839	£1,602,286,560
Bank of England	438,965	611,217	Bank of England	1,931,586	2,044,511
Bank of Ireland	...	...	Bank of Ireland	712,808	336,291
	2,539,961	2,730,378		2,644,194	2,380,802
	1,458,773,033	1,604,667,362		1,458,773,033	1,604,667,362

Mem.—Floating Debt, outstanding March 31, 1936.

	1935 June 30	1936 June 30
Ways and Means Advances outstanding—		
Advances by Bank of England	8,500,000	28,750,000
Advances by Public Departments	17,400,000	35,240,000
Treasury Bills outstanding	877,155,000	765,285,000*
Total Floating Debt outstanding	903,055,000	827,255,000
Net Increase		45,085,000

* Includes £22,000 the proceeds of which were not carried to the Exchequer within the period of the account.

† Authority is being sought in the Finance Bill to meet the amount of the Statutory Sinking Funds in 1936 by borrowing.

Treasury, June 30, 1936.

station. The disadvantages of leaving the station on the North Bank are, firstly, the great difficulty of achieving an aesthetically successful combined road and rail bridge, and secondly, the continued disfigurement of the South Bank by railway arches. However, it may be that modern architecture and engineering combined can contrive to produce a beautiful combined bridge; and in any case the development of what is perhaps potentially the most magnificent urban site in the country awaits the adoption of some scheme. What is wanted now is not the appointment of yet another committee to examine the report of the last, but rather an immediate decision to rebuild a new Charing Cross bridge in order that a useful public works scheme may go forward, that the traffic problem may be eased, and that the centre of London may at last assume an aspect worthy of so marvellous an aesthetic opportunity.

Coal-Mining Results.—In view of the new agreement between the coalowners and miners, concluded last January, the statistical summary relating to the first quarter of 1936 (Cmd. 5198), just issued by the Mines Department, is of more than usual interest. That it is not the coal mining industry which has suffered in consequence of the wage concessions then granted, is apparent from the statistics summarised in the following table:—

Period	Tonnage Disposable (Mill.)	Costs per Ton		Proceeds per Ton	Profit per Ton	Output per Man-shift	Earnings per Man-shift †
		Wages	Total net				
1932		s. d.	s. d.	s. d.	s. d.	Cwts.	s. d.
1st quarter	49.6	9 1	13 6½	14 0½	0 6½	21.98	9 2
2nd "	46.1	9 1½	13 10	13 8	0 2	21.78	9 2
3rd "	40.9	9 3½	14 2½	13 7½	0 7½	21.50	9 2
4th "	48.9	8 9½	13 2½	13 1½	0 9	22.62	9 2½
1933							
1st quarter	49.9	8 9	13 1½	13 1½	0 9½	22.87	9 1½
2nd "	42.8	8 1½	13 9½	13 4½	0 4½	22.07	9 1½
3rd "	42.1	9 1½	13 8½	13 3½	0 5	22.05	9 1½
4th "	50.2	8 6½	12 9½	13 6½	0 9	23.00	9 1½
1934							
1st quarter	53.1	8 5½	12 7½	13 7½	1 0½	23.32	9 1½
2nd "	46.9	8 8½	13 1½	13 2½	0 0½	22.59	9 1
3rd "	46.3	8 8½	13 3½	13 1½	0 1½	22.55	9 1
4th "	52.0	8 6½	12 1½	13 6	0 7½	23.23	9 2½
1935							
1st quarter	51.3	8 6	12 9½	13 6½	0 8½	23.40	9 2½
2nd "	47.6	8 7½	13 2½	13 2½	0 0½	23.10	9 2½
3rd "	46.6	8 8½	13 0½	13 2	0 1½	22.93	9 3½
4th "	54.1	8 4½	12 7½	13 1½	1 4	23.89	9 4
1936							
1st quarter	54.4	8 1½	13 2½	14 8½	1 5½	23.95	9 1½

† Excluding allowances in kind.

The output of commercially disposable coal showed a slight seasonal increase in the first quarter of the current year. This reflects an expansion in home demand for industrial fuels, since shipments for export and for bunkers fell from 12,777,000 to 10,924,000 tons. The production figures would doubtless have made a better showing had it not been for the heavy re-stocking movement which began at the end of 1935 owing to fears of a stoppage of supplies. The rise in net costs per ton, compared with the closing quarter of last year, is attributable to the wage concessions granted in January. But the further increase in proceeds per ton proves that the higher wage costs have been passed on to the consumer, as the mineowners demanded, in higher prices. In fact, profits per ton registered a further advance in the first three months of 1936 and were larger than in any quarter since 1925; but it is noteworthy that South Wales operated at an average loss of 5½d. per ton. Meanwhile, earnings per man-shift advanced to a higher level than that attained at any time since 1927. These figures are not likely to mollify the consumers, both private and corporate, on whom the burden of the Government's capitulation to the coalowners has fallen.

Nervousness in the Tin Market.—Since the meeting of the International Tin Committee on June 25th, London prices of tin have declined by not much less than £10 per ton. This decline was certainly not so much because the quota for the third quarter of this year has been increased by 5 per cent., to 90 per cent. The 5 per cent. increase means an increase in exports under the scheme of only 757 tons

per month. Since, according to A. Strauss & Company, Ltd., the total visible supply of tin did not exceed 14,972 tons on June 30, 1936—i.e., 1,950 tons less than a month before, and only 589 tons more than a year ago, when the "tin-famine" was just at its peak—the market is more than able to absorb these small additional quantities without a fall in prices. The true reason for the new slump in tin is, apart from the uncertainty concerning the future of the scheme, the refusal of the International Tin Committee to cancel the Bolivian arrears of over 10,000 tons. These arrears have steadily accumulated because, partly owing to the Chaco war and partly to conditions peculiar to the Bolivian tin-mining industry itself, the original Bolivian export allocations have not been fulfilled. Reports have been circulating in the last few days of a Bolivian amnesty for army deserters on condition that they work one year in the tin mines. According to another report the Bolivian Government is even determined to introduce compulsory conscription for work in the tin mines in order to overcome the acute labour shortage. Should these reports prove correct, the accumulated Bolivian arrears of exports are likely to create serious disturbances in the tin market in the near future. At any rate, to make up the leeway Bolivia would require a considerable reduction in the general quota. At the moment when the I.T.C. is trying to secure the support of the various tin countries for the prolongation of the scheme after the end of this year, such a reduction would be untimely. The nervousness of the tin market seems, therefore, well founded. Although at the moment supplies are still much below a normal level, it would not be surprising if prices declined even further.

Retail Trade Progress.—The steady growth in the value of retail sales in Great Britain continued during May, according to the statistics published in this week's *Board of Trade Journal*. The index of average daily sales, at 118 (1933=100), shows a rise of 7.2 per cent. compared with the same month of 1935. Sales of food and perishables advanced by 5.5 per cent. and sales of other merchandise by 8.7 per cent.:

INDEX OF VALUE OF RETAIL SALES, GREAT BRITAIN
(Average Daily Sales in 1933 = 100)

Period	Food	Merchandise	Total
1932	102	99	101
1933	100	100	100
1934	103	103	103
1935	111	108	109
1935—April	110	112	111
May	110	112	110
June	110	108	109
July	105	113	109
August	107	81	94
September	110	99	104
October	112	114	113
November	116	115	115
December	133	160	146
1936—January	115	118	116
February	116	88	102
March	117	97	108
April	121	113	117
May	116	121	118

The gain compared with May, 1935, was naturally most marked in those sections—apparel, boots and shoes and furnishing materials—where sales had been adversely affected by unseasonable weather in April. Sales of piece-goods and sports and games requisites were, however, again slightly smaller than in the same month of 1935. The advance over the year was common to each of the districts specified, being most marked (plus 10.2 per cent.) in the suburbs of London, and least evident (plus 1 per cent.) in Central London and the West-end. The continued expansion of business activity and the rising tendency of wages suggest that the value of retail sales will continue upwards in coming months. The trend of these figures suggests that it may even advance more rapidly than during the latter half of last year.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE NEW TAXES ON PROFITS

CONGRESS adjourned early on Sunday, June 21, leaving business and the administrative branches of the Government a number of important Acts to interpret, the most significant of which are the Revenue Act, the Price Discrimination (Anti-chain Store) Act, the Ship Subsidy Act, and the Commodity Exchange Regulatory Act. Other important measures from the session included the soil conservation substitute for the invalidated A.A.A., the imposition of standards upon suppliers and contractors to the Government (N.R.A.-type standards), rural electrification appropriation, the bonus payment and the various appropriation Acts. Of these last the most significant were the relief grant of \$1,425 millions estimated to continue W.P.A. until February, and the defence authorisations, which are further increased.

The adjournment ends the legislative sessions of this term of the Presidency, sessions which, extending from March, 1933, have produced an unprecedented amount of business and financial legislation. Government has been taken far indeed into the economic field; and, although the development is but a counterpart of those in many other countries, the American business man finds the mass of legislation no easier to comprehend and the process of adaptation no less difficult. The extent to which the Republican platform included many of the concepts upon which the New Deal legislation has been based may foreshadow the impress which the period will leave upon the country.

The Revenue Act as finally written falls short of the President's recommendation, but includes the principle which he advocated. Undistributed corporate income is taxed on a graduated scale from 7 per cent. of the first 10 per cent. to 27 per cent. of amounts above 60 per cent., a basis of taxation new in this country. The "normal" rate on corporations is graduated more steeply than in the 1935 measure, from 8 per cent. to 15 per cent.; this levy upon income was not discontinued as the President requested. Likewise the capital stock tax was retained, although the rate was lowered to \$1 per thousand from \$1.40, and the excess profits impost was retained.

Corporations are thus subject to federal taxation on four different bases (besides excises applicable to various products), two of which discriminate against size, and one of which penalises retention of earnings. There are, of course, special provisions for several groups and types of concerns, the full meaning of which have not yet been understood by the business community—a statement which can, indeed, be made about the entire Act. Corporate dividends to individuals are made taxable at the "normal" rates, and were already subject to surtaxes, and 15 per cent. of the dividend income of corporations is made subject to taxes instead of but 10 per cent. as heretofore. A tax of 80 per cent. is levied upon refunded A.A.A. processing taxes. Foreign corporations not doing business here are taxed a flat 15 per cent., and their dividend income at 10 per cent., and those doing business here at 22 per cent., all on income derived in this country. In short, the share of income for the tax collector rises further.

The merchandise foreign trade figures for May are reported as follows:—

	Exports	Imports
	(\$'000)	(\$'000)
May, 1936	201,049	191,110
May, 1935	165,459	170,553
May, 1934	160,197	154,647
May, 1933	114,203	106,869

For the first five months of the year exports totalled \$969,545,000 and imports \$972,837,000. May imports

of gold amounted to \$169,957,000, compared with \$28,106,000 in April; while exports were but \$5,000 and in April were \$51,000. Silver imports in May were \$4,989,000, compared with \$4,490,000 in April and \$203,000 in May.

The weekly reporting member bank figures for June 17th show that these banks added \$474 millions to their holdings of Government securities during the preceding week, thus reflecting the effects of the June 15th Treasury financing. Since these banks include about one-half of the total banking resources of the country, the banks clearly took the major part of the \$1,000 millions of securities sold for cash. This is a continuation of the trend prevailing for some months. During 1935 the increase in the holdings of banks, together with life insurance companies, accounted for virtually the entire rise in the Government's interest-bearing debt. These institutions are unable to find other earning assets and are forced to take the Government paper even at yields quite displeasing to them. With the week's addition, 42 per cent. of the total loans and investments of the weekly reporting banks are in Government paper, and about 6 per cent. more in guaranteed paper.

The financing operations also resulted in a decline in member bank reserves of \$939 millions, as funds were transferred from the banks' to the Government's account at the Federal Reserve banks. This decline is much larger than those resulting in March and in December, 1935, and reflects, apparently, a continuation of the Treasury's policy of varying the reserve account and of the efforts of the banks to keep at a minimum the F.D.I.C. charges on deposits. Although this reduction of reserves amounts to about 17 per cent. the money market was in no way affected. The drop represents only a bookkeeping operation when excess reserves are so large. But there are some indications that a ramification of monetary policy may be being shaped from it; for the Treasury built member bank reserves up to a high level, following the previous decline, culminating just as its June financing was announced.

LABOUR SUPPORT FOR MR ROOSEVELT

Political developments during the week preceding the Democratic Convention seemed mostly favourable to the Republicans, although any conclusions are premature. The statement against Mr Roosevelt issued by Mr Alfred E. Smith and four other disgruntled Democrats revealed nothing new in their position, but if it means their participation in the campaign in any form the development would not be favourable to the Democratic Party. The new Union Party, whose candidate is Mr William Lemke, the Dakota Greenback advocate, and whose Father is Coughlin, seconded by Townsend and the remnants of Huey Long's Share-the-Wealth Movement, will draw voters from Mr Roosevelt primarily, to whatever extent it may draw them at all; the important and unanswered question is how ardently this group will campaign. Mr Roosevelt is thus being beset on the Left and on the Right, while the Republicans are crowding him in his own position. Organised labour, however, seems to be rallying to his support, and the section headed by Mr John Lewis of the miners is evincing some ardour. Mr Lewis, however, is carrying on a bitter fight with Mr Green, the American Federation of Labour President, on the question of the vertical *versus* the craft union, which is a factor complicating the consequences of Mr Lewis's political activities.

Business continues to be maintained at around the levels of several weeks past. Steel is operating at or over 70 per cent. of capacity; electric output shows further gains; car-loadings continue well above last year's; and commodity prices are rising. The drought is becoming quite serious in the North-West, and substantial relief funds have been specially allotted.

NEW YORK, June 23.

FRANCE

A RISE IN RENTES

THE chief features of the French situation at present are that the strike movement is receding and that rentes are rising on the Stock Exchange. Is this rise an episodic or a long-term movement? The invitations and the warnings of the Minister of Finance, the promise that the franc will not be devalued, perhaps also the intervention of foreign exchange funds, have provoked some return of capital and a relaxation of the exchange pressure on the franc. These circumstances, combined with the fact that rentes were already very low, contributed to a movement on the Stock Exchange which was further stimulated by two successive reductions of the rediscount rate of the Bank from 6 to 4 per cent. M. Auriol was thus able to point to an improvement in the situation. There had been imports of 60 million francs of gold in the last three days of the preceding week, and the renewal of Treasury bills had been easier.

But if Stock Exchange prices are rising it is because the Government has condemned deflation, and would probably decide, if the run on the franc began again, to defend the gold stock of the Bank with an embargo instead of by the old method of raising the Bank rate. For the first goal to be sought now is a lowering, by fair means or foul, of the rate of interest. The collaboration of the Stock Exchange has been promised to the new Government, since the admonition of the Minister of Finance could not be considered as a declaration of war on capital. And the Stock Exchange, like the money market, at present remains free from any vexatious inquisitions.

The following table shows the rise of rentes during the last two weeks:—

	June 18th	June 30th
3 per cent.	96.70	70.70
5 per cent., 1920	85.30	92.70
4 per cent., 1917	65.20	70.40
4 per cent., 1918	65.70	70.80
4 per cent., 1925	69.40	75
4 per cent., 1932 "A"	68.35	75.50
4½ per cent., 1932 "B"	67.25	74.45
Treasury Bonds 4½ per cent., 1934	900	944

The firmness of rentes and of medium-term Treasury bonds is a favourable prelude to the launching of M. Auriol's "Baby Bonds," which is due in a short time. The Senate has refused to authorise the issue of bonds of less than one year; whereas the wartime National Defence bonds had a one-month or three-month maturity, and sold very easily to farmers. The fixing of the rate of interest on the new bonds is thus rendered more difficult, especially as it must lie between the 2½ to 3½ per cent. rate on public savings bank deposits and the 5 per cent. rate on the old National Defence bonds.

The renewal of financial confidence has been aided by the repeated calls to calm and reason issued by the Socialist and Communist leaders, who were afraid of being overwhelmed by their followers. M. Roger Salengro, Minister of the Interior, has declared that "the workers of France do not intend to hurt the farmers, the people of the middle-class or the republicans," while an old Parliamentary Socialist has also declared in the Chamber that "the Socialists would never accept a Soviet France." Actually the economic policy of the Government seems to consist in general of Communist projects revised by the Socialists and finally accepted by the Radicals. But these measures imposed by the industrial workers entail, at least for a while, the threat of sacrifices from skilled workers and farmers.

THE GOVERNMENT AND THE "200 FAMILIES"

Middle-sized and small firms are protesting against the strike agreements of June 7th which were accepted by the Confédération Générale de la Production—that is, by a syndicate which represents only one-quarter of the whole of French business. The leaders of the heavy industries constituting the Fédération are partially dependent on State orders, and will thus be able to raise prices in proportion to the increased social charges. "The Socialist Government," it is accordingly being said, "has made a pact

with the 200 families." These criticisms, it is to be noted, are being made by people who are important supporters of the Radical Party. The same might be said of the farmers, who are disquieted by the "Wheat Office" proposed by the Socialist Minister for Agriculture, M. Monnet. The Communists' plan for raising wheat prices to 140 francs a quintal is severely criticised by the Radicals and the farmers, who remember the fall of wheat prices from 175 francs—once the minimum fixed price, and the "electoral price" of 1932—to 40 francs. Briefly, the farmers and middle-sized business firms are afraid of becoming the victims of the social laws; and their fears have not been allayed either by the credit facilities promised by the Government and the banks, or by the instructions given to tribunals to authorise industrialists to raise their prices and break contracts, or by the declaration of the Minister for Public Works that the application of the 40-hour week will be such as to make it more manageable than the 48-hour law.

But, for the time being, Parliament and the country seem resolved to give a fair chance to the Popular Front experiment. The old "mystique" of balancing the Budget has been replaced by the desire to try new economic policies. A sort of revolution is in progress, the end of which nobody can predict; but in it one can discern signs of a revival of nationalism, a desire for change, and a demand for Governmental authority and political and commercial integrity.

The recovery of the Stock Exchange in these conditions appears to be first due to buying by professionals, who consider that the political horizon has been cleared for two months at least. Nevertheless, the rise should make the task of the Government easier; for to some extent it is due to new hopes rather than mere speculation.

PARIS, July 2.

GERMANY

FOOD PRICES AND THE OLYMPIC GAMES

FOOD prices have not risen noticeably in the past three weeks. In Berlin the raising of prices has been forbidden until after the Olympic Games; though the shortage of eggs continues. Crops reports, however, are very satisfactory.

The export surplus in May was Rm. 35 millions, against Rm. 5 millions in April. The increase is mainly seasonal.

	April	May	Jan.- May
	Millions of Marks		
Imports			
I. "Nourishment"	131.1	118.8	656.5
(a) Livestock	6.8	7.5	35.0
(b) Animal foodstuffs	39.3	33.0	207.6
(c) Vegetable foodstuffs	85.0	78.3	413.9
II. Industrial goods	229.5	218.4	1,094.1
(a) Raw materials	136.2	127.8	637.3
(b) Half-manufactured goods	62.6	58.6	306.0
(c) Manufactured goods	30.7	32.0	150.8
Totals	360.6	337.2	1,750.6
Exports			
I. "Nourishment"	7.3	7.1	41.6
(a) Livestock	0.2	0.2	1.3
(b) Animal foodstuffs	0.7	0.6	3.8
(c) Vegetable foodstuffs	6.4	6.3	36.5
II. Industrial goods	358.2	365.0	1,830.2
(a) Raw materials	31.4	30.6	159.3
(b) Half-manufactured goods	37.0	36.7	192.6
(c) Manufactured goods	289.8	297.7	1,478.3
Totals	365.5	372.1	1,871.8

The percentage of occupied working places in all industry in May was 69.1, against 67.4 in April. In production goods trades it was 73.8 per cent., against 71.4 per cent.; and in the consumption goods trade 63.0 per cent., against 62.2 per cent. The only important trade that shows no improvement is textiles. A severe shortage of wool was felt in May. Coal production in May was 12,157,000 tons; and in the first five months 63,213,000 tons, as against 56,403,000 tons in the same months of

1935 (in January and February of which, however, Saar output was not included). Pig iron output in May was 1,228,000 tons, and in the first five months 6,141,800 tons, against 4,924,300 tons in 1935. Ingot steel output in May was 1,568,500 tons, and in the first five months 7,667,800 tons, against 6,367,000 tons.

Only three weeks ago the rumour of a new Reich Loan was officially denied. That a loan was under preparation was nevertheless known; and uncertainty about the amount and the conditions caused a reaction on the Bourse. It was believed that the Reich proposed to borrow Rm. 1,000 millions. The conditions now announced are: Rm. 700 millions to be issued at 98½ on the security of 4½ per cent. Treasury bonds, in denominations of between Rm. 100 and Rm. 20,000, at 4½ per cent., repayable at par in equal instalments of one-sixth in 1943-48. Of the Rm. 700 millions, Rm. 200 millions was taken up before the announcement, and the remaining Rm. 500 millions was underwritten. The yield, like that of other recent loans, is to go to the consolidation of short-term debt. The amount so consolidated since the beginning of 1935 will be brought up to above Rm. 3,000 millions. As the amount of short-term debt is unknown and is presumably increasing, it is impossible to say whether the new borrowing will reduce the ratio of short term to long term debt.

Dr. Schacht's organ states that total Reich indebtedness has not substantially increased above the Rm. 18,000 millions or Rm. 19,000 millions which it gave as the total some twelve months ago. The total given by the Reich Statistical Bureau is still around Rm. 14,000 millions. The following consolidation loans have been floated: two of Rm. 500 millions each from the Savings Banks; two of about Rm. 250 millions each (exact sum unknown) from the insurance companies; the new Rm. 700 millions loan; and a Rm. 500 millions Railway Corporation Loan, already subscribed in the open market, which is not a Reich liability but which was also for consolidation purposes.

THE FOREIGN DEBT MORATORIUM

The qualified moratorium for long and medium foreign debts, which expired on June 30th, has been prolonged by law until the end of the year on the ground that no improvement in the foreign exchange situation has taken place. On the improvement in the foreign trade balance (a shift of Rm. 285 millions from an import surplus to an export surplus in the first five months of 1936 as against 1935), the comment is made that only some 20 per cent. of the total export yield accrued in free exchange. This comment is hardly pertinent. The real question is the condition of the whole balance of payments, official returns of which have been suspended for two years. The renewal of the moratorium does not affect agreements with individual creditor countries, some of which are under revision. A short—six months'—term for the moratorium was probably chosen because of international currency uncertainty and hopes of a substantial all-round reduction in interest rates.

A new Reich law has settled numerous doubtful questions raised by the recent Reichsgericht decision that German holders of certificated dollar bonds who acquired them before the American Joint Resolution of June, 1933, must be paid in Reichsmarks at the old rate of Rm. 4.2 per dollar. The new law annuls the Reichsgericht's decision and any earlier similar decisions. It prescribes that in any case of foreign currency depreciation all loans in this currency, whether with or without a gold clause, are to be payable at the exchange rate of the day. But contracts to pay a different rate concluded after the currency depreciation began will hold good, so that the agreements of numerous German concerns which issued Reichsmarks in exchange for dollar bonds on an exchange basis of Rm. 3, that is considerably above the present dollar exchange, will not be voided. Further, payments already made in excess of the new norm, i.e. at the old rate of Rm. 4.2, will not be recoverable by the creditor.

The Reichsgericht's grounds for its decision of May 25th—that foreign creditors do not refuse to accept payment in the sense of paragraph 293 of the Civil Code if they reject offers of blocked marks (*Spermark*)—have been published. This decision, which revoked an earlier Reichsgericht ruling of January, 1935, is of importance to foreign creditors. The court holds that the original agreements to pay foreign

currencies remain valid without any qualification; that is, the foreign creditor may refuse to accept blocked marks although he cannot, in view of present German exchange legislation, claim payment in foreign exchange. His claim is merely in abeyance.

An official report puts the net income from German shipping in 1935 at Rm. 232 millions, which is slightly more than in 1934, or in 1933 when the lowest figure of Rm. 213 millions was reached. The highest recent figure, in 1929, was Rm. 571 millions.

BERLIN, July 1.

CZECHOSLOVAKIA

A DEFENCE LOAN

The tension in international politics has naturally influenced economic conditions in Czechoslovakia. This fact explains the passing of the Defence of the Realm Act on May 13th. On the strength of this Act the Government is issuing decrees which may drastically affect the country's economic life. On May 29th a Defence Loan was also sanctioned, and subscriptions have been coming in very satisfactorily.

The communal elections of June 7th did not produce any changes in the political situation. There has existed, however, a certain tension between some of the political parties since last year. Statements have been made by spokesmen of the Social-Democratic Party, in which a change of monetary policy has been advocated. The National Bank, however, is opposed to any change, and its view is shared by the Government.

The extension of the existing Corn Monopoly, and the Bill to combat unemployment, were the subject matter of political negotiations before the Parliamentary holidays. Agrarian interests demanded prolongation of the Corn Monopoly for a further 15 or 20 years. The present policy of the Corn Monopoly has assured rather high prices without corresponding restriction of the area under cultivation, and has led naturally to an increased production of corn; so that at the beginning of the new harvest the Monopoly will still have some 80,000 trucks of corn on hand. This is a serious danger to the Exchequer, and even in Government circles it is being insisted that the Monopoly should be financially independent in order not to encumber the State finances. It is also suggested that regulation of corn production should be undertaken. It seems that an adjustment will be effected by a Government Ordinance in such a way that the Corn Monopoly will be extended for two years only, and that the price will be substantially lowered so that the Monopoly can cover its expenses without having to ask for a subsidy or guarantee from the State.

COMPULSORY LABOUR EXCHANGES

A Bill has been drawn up by the Ministry for Social Welfare, in which obligatory Public Labour Exchanges are introduced both as a remedy for unemployment and as a more effective control of it. Private employment bureaux and employers' liberty to choose their employees will be limited. This measure is vehemently opposed by the employers, who maintain that they cannot be made responsible for the good management of their business without a free choice of their staff.

Revenue from taxes has been rising owing partly to the better economic situation of the country and partly to the grant of bonuses to prompt taxpayers. In Parliament the readjustment of direct taxation is nearing its completion; and some reductions are expected. In this respect Parliament has made fairly important changes in the Bill originally presented by the Government.

Improvement in industry is apparent, particularly in heavy industry. But improvement has also occurred in other trades such as paper, leather, chemicals, etc.; in the ceramics, glass, textiles and clothing trades there have been no changes. These trades are still suffering from export difficulties, and obstacles to international payment.

The number of unemployed at the end of May was 633,900, or 11.9 per cent. less than in April and 4.9 per cent. less than a year ago. Production of iron in May

was 92,384 tons, against 66,921 tons a year ago; and of steel 118,877 tons, against 106,190 tons a year ago. The index of wholesale prices declined in May.

Obstacles to exports still persist, due to restriction of imports, particularly in the gold bloc countries, and the restrictions on payments in the clearing countries. Between January and May Czechoslovak imports amounted to Cz.K. 2,956.7 millions compared with Cz.K. 2,406.8 millions in 1935; and exports amounted to Cz.K. 3,017.8 millions compared with Cz.K. 2,770.6 millions. Exports to extra-European countries with a free market have been gradually rising.

One of the principal problems of commercial policy is that of economic adjustment in Central Europe. In the second half of June a second conference of Little Entente experts was held to discuss this, and a truce has been suggested to prevent the further raising of import duties. The establishment of a commercial company, designed to foster economic relations between the Little Entente States, was also discussed.

The sanctions imposed on Italy were fairly injurious to Czechoslovakian trade and led to some shifting of trade. Industrial interests would, therefore, welcome a definite solution of this question. The credits granted to Soviet Russia have been more or less exhausted, and new negotiations are being conducted to renew them to the extent of about Cz.K. 300,000,000.

PRAGUE, June 27.

ARGENTINA

FALLING EXPORTS AND THE EMBARGO

The weather continues mild and wet, which is both unseasonable and detrimental, in so far as the maize crop is concerned. Rainfall has been exceptionally heavy, and a dry cold spell is badly needed. It is too early, however, to forecast this year's crops, as a spell of good weather during the coming month would radically change the outlook. The export figures are still below those of last year:—

	EXPORT FIGURES		Diff.
	First Five Months 1935	1936	
	Tons	Tons	%
Live stock products.....	534,621	548,125	+ 2.5
Agricultural products ...	6,538,348	4,419,873	- 32.4
Total	7,276,660	5,159,792	- 29.1
	VALUES OF EXPORTS		Diff.
	First Five Months 1935	1936	
	\$	\$	%
Live stock products.....	246,723,072	279,788,618	+ 13.4
Agricultural products ...	444,067,605	311,862,627	- 29.8
Total	720,070,020	620,795,770	- 13.8

The slackening of the export trade, together with the continued wet weather, must impair the balance of trade and the amount of exchange available for importers. Wheat shipments dropped from about 2,250,000 tons in the first five months of 1935 to just over 500,000 tons in the same period of this year; and although this falling off was to some extent offset by an increase of 500,000 tons in maize shipments, these also have fallen off recently, the latest June figures showing a decrease of over 50 per cent., compared with last year. Had it not been for the fund of foreign exchange set aside for equalisation purposes a decline in the peso during the next six months would have been a foregone conclusion; but, if proper use is made of the equalisation fund, no marked fluctuations from present quotations need be feared. The situation has been helped by the rise in export prices, for while the contraction in the volume of exports is 29.1 per cent., the shrinkage in their value is only 13.8 per cent.

The question of the co-ordination of transport is once again being pressed by the tramway and underground transport companies in the city of Buenos Aires. The complete lack of co-ordination in a city of over 2,000,000 inhabitants is very serious, and the number of accidents is increasing.

BUENOS AIRES, June 19.

CHINA

THE "CIVIL WAR" THREAT

The report of a Japanese news agency, during the course of last week, suggesting an imminent outbreak of civil war between the South-West Provinces and the Central Government was received in Hong Kong with incredulity. It seemed obvious that the news was deliberately designed to cause alarm and dissension among the Chinese. Never within recent years did civil war appear more unlikely; for the report coincided with the publication of a telegram from the South-West Political Council to the Nanking authorities urging armed resistance to the Japanese and offering the services of the armies of Kwangtung and Kwangsi. Denials of the Japanese canard were promptly issued from Nanking headquarters as well as from Canton and from the Kwangsi capital.

Yet there seems to have been some foundation for the report, as these denials were soon followed by rumours of internal quarrels in the South-West Political Council and signs of activity on the part of the principal military leader, General Pei Chung Hsi, who was said to be concentrating his troops with a view to marching northward. General Pei's idea seems to be that, as Marshal Chiang Kai Shek is incapable of resisting the Japanese invasion, the work should be undertaken by the South-West forces to be called "The Anti-Japanese Salvation Army," with a plan of campaign to include the capture of Peiping and Tientsin and a subsequent advance into Manchukuo. Such a programme is too fantastic to be treated seriously; but there is amongst the Southern Chinese leaders an unreasoning impatience with the Nanking Party for allowing the Japanese to encroach so far, and General Pei's call to arms is probably intended to shame the Central Government into action.

Apart from personal feelings the main obstacle in the way of co-operation is said to be the currency question. Nanking is anxious to see the standard dollar adopted throughout the Republic, but so far the Provinces of Kwangtung and Kwangsi have insisted on retaining their own currency. The Canton Government see no reason why they should lose control of their silver reserve. But in the meantime their notes have slumped so violently that it will be an extremely difficult matter to restore confidence in their currency. Whereas a few months ago the Hong Kong dollar was quoted in Canton at about 30 per cent. premium, it rose by daily jumps to 100 per cent., which was touched at the end of last week. There has since been some reaction, and with the subsidence of the war scare the premium has eased off to 70 per cent., i.e. 170 Canton dollars = 100 Hong Kong dollars. The situation is, of course, extremely unfortunate for Hong Kong, as the gradual recovery in trade during the past few months has now received a severe check owing to the high cost of imported articles in terms of Canton currency. The outlook is certainly very gloomy at the moment, for the coast port trade is virtually at a standstill, owing to the smuggling carried on from Formosa, and this in turn has affected local shipping.

BANKING PROGRESS IN HONG KONG

In the course of his annual report on the finances of the Colony for 1935, the Colonial Treasurer refers to the progress made in banking and finance. He points out that Hong Kong has more banks than Calcutta, Bombay or Singapore and that there are now twenty-two banks actively engaged in foreign exchange, not counting purely native Chinese banks whose bullion operations are by no means negligible. Several of these banks are newly opened branches of Shanghai establishments and it is doubtful whether some of them will remain open now that the managed currency of the Colony has greatly curtailed inter-bank business.

A Commission of Inquiry into the Mui Tsai (female domestic workers) question recently arrived here from home and has spent two weeks examining witnesses and inspecting social welfare centres before going on to Singapore. The system of domestic servitude by which girls are bought from parents and work for no pay is hard to defend in these times. But owing to the close proximity of Hong Kong to

the mainland it has proved impossible to abolish the system effectively so far as the Colony is concerned.

The share market has remained very steady, despite war scares and trade depression, and the marking down in London of such shares as Hong Kong and Shanghai banks and Union Insurance Society of Canton has not been reflected here. The volume of business in purely local shares has been restricted, but there has been considerable activity in shares of Philippine Islands gold mining companies, a small boom having persisted during the past month or two. The gold industry in the Philippines seems to have a bright future, and much development work is going on.

HONG KONG, June 8.

NEW ZEALAND

BEST EXPORT SEASON SINCE 1929-30

TAKEN as a whole, the export season now nearing its end is the best experienced since 1929-30. The price of wool has averaged £N.Z.13 6s. 10d. a bale, against £N.Z.9 6s. 8d. in the preceding season, an increase of 43 per cent.; while dairy prices have also been higher and meat prices satisfactory. As a result, exports for the year ending April, 1936, totalled over £N.Z.52 millions, compared with a peak of £N.Z.57 millions in 1928-29 and a low level of £N.Z.34½ millions in 1931-32.

Increased export income has again stimulated local demand, and internal business has responded. Compared with the same period in 1935, the first quarter of 1936 shows increases ranging from 12 to 25 per cent. in note circulation, bank debits, sales tax yield, totalisator investments and the volume of imports. Both land transfers and mortgage business have expanded by about 40 per cent., and building, though still only about half the pre-depression level, has improved greatly. Imports for the year ending with April amounted to £N.Z.38 millions, compared with less than £N.Z.25 millions in 1931-32, but are still £N.Z.10 millions lower than in 1928-29. The export surplus is thus exceptionally large, and bank resources both at home and abroad continue to accumulate. Total bank deposits reached a record figure for the March quarter, £N.Z.72.2 millions, while advances were £N.Z.46.6 millions, and net funds held overseas by the banks on New Zealand account amounted to £N.Z.44.1 millions at the end of March.

The effects of increased business activity and expanding income are seen in the returns for the Government's financial year ending March 31st last. Taxation yielded £N.Z.21.56 millions and total revenue £N.Z.26.17 millions, against £N.Z.20.18 millions and £N.Z.26.12 millions (including £N.Z.1.6 millions gold profits) in 1934-35. The surplus of revenue over expenditure is thus £N.Z.270,000; the estimate for the year was under £N.Z.10,000.

THE LABOUR GOVERNMENT'S DRASTIC LEGISLATION

The legislation introduced by the new Labour Government in its opening session of Parliament proved more drastic than most people expected. As a first step the Reserve Bank was brought under State ownership and control; the shareholders were paid off; and practically all the legal limits on the Bank's power to lend to the Government were removed. The directors were retained, but hold office at the pleasure of the Government, and the Bank's function is now to give effect to the monetary policy of the Government. A plan for the State marketing of all exports, under a Minister and a Department of Marketing, has been enacted, and is to be applied, together with a guaranteed price scheme, to dairy produce from August 1st, the beginning of the next export season. Other export products may be brought into the scheme later. The railways have been brought back under direct political control, and, though the railways' net revenue now falls short of its interest bill by about £N.Z.1½ millions, extensive additions to the railway system are promised. These are included in a public works plan estimated to cost £N.Z. 17½ millions over three years, and the Minister has made an agreement with public works employees based on 2s. an hour and a 40-hour week.

Compulsory arbitration of labour disputes, modified in 1932, is also restored and extended to cover most of the

field of employment. The new Act provides for basic wage rates for both male and female workers, makes the 40-hour week compulsory without reduction of weekly wages, except where it is proved to be impracticable, and establishes compulsory preference for unionists above the age of 18. A Factories Act and a Shops and Offices Act round off the labour legislation and reach areas formerly beyond the scope of compulsory arbitration. The general result is greatly to increase the numbers of trade unionists.

The Government also proposes to reduce the debt burden on farmers and home-owners by writing down mortgages to current values, to limit rents, and to see that retail prices are fair. Both the Transport Co-ordination Board and the Unemployment Board have been abolished and the departments brought more directly under Ministerial control.

Manufacturers, fearing higher costs, are appealing for more protection against imports; but the Government, hoping to make new trade agreements, particularly with Great Britain, has not committed itself. Some farmers, faced for the first time with the regulation of farm labour, are fearing that they may lose more in higher costs than they are likely to gain in guaranteed prices. Overdrafts at the Reserve Bank are to be used to finance the dairy produce marketing scheme; but there is as yet no indication how other increased expenditure, on unemployment relief and public works, for instance, is to be met.

CHRISTCHURCH, June 10.

[The Prime Minister's statement this week on New Zealand's foreign loans is discussed in an Investment Note on page 22.]

LETTER TO THE EDITOR

FUTURE MONETARY POLICY

TO THE EDITOR OF THE ECONOMIST

SIR,—I have read with interest but with dismay your article under the above heading which appeared in your issue of June 20th. You rightly refer to the hardening tendency in interest rates, and point out that this tendency has not gone very far. Should this tendency increase as a result of a genuine revival of trade, why should anyone deplore it and desire to prevent it as you appear to imply, and suggest as a remedy what you term "further broadening the basis of credit"?

As a means to this end you suggest that "it would only be necessary for the Bank to buy Government securities and for the fiduciary issue to be expanded." Your excuse for advocating this policy of inflation of the currency, naked and unashamed, is that you apparently fear unemployment. Might I suggest another way to prevent unemployment and to avoid further inflation, and that is to take steps to bring about a *de facto* stabilisation of the currency leading to stability of exchange? Remove the embargo on foreign lending, and other restrictions and the stimulus thus given to trade and industry will be enormous. Money for a considerable time may still be expected to remain comparatively cheap, but any hardening tendency in interest rates brought about by a legitimate increase in demand will surely not be deplored by any well-wisher of this country.

I am, Sir,

Your obedient servant,

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

52 Fetter Lane,
London, E.C.4.

[If by a hardening tendency of interest rates resulting from a "genuine revival of trade" Mr Mason means a hardening tendency associated with an increase in employment, he will find that the prevention of such a tendency was not advocated in our article. For we clearly stated that interest rates should not be prevented from rising unless unemployment was increasing. But we cannot accept the view that a rise in interest rates should never be prevented if it is due to an increase in trade demand. Suppose in existing conditions of unemployment, a foreign demand for loans were allowed to raise interest rates, the domestic demand for loans might be correspondingly reduced. In this case to refrain from expanding credit might prevent the revival in trade from having its effect in reducing unemployment.—Ed. Econ.]

BOOKS AND PUBLICATIONS

SWEDEN'S ACHIEVEMENT*

THE story of Sweden's recovery during the last four years is of the very highest interest. Here is a country which, in 1932, was in the depths of depression, and was threatened with extremist political movements; which thereupon adopted a positive monetary and economic policy designed to promote recovery, carried it out by democratic methods, and to-day has abolished unemployment and raised the level of production and consumption above that of 1929. So far, however, Sweden's achievement has not received the attention given to the destructive exploits of dictators; and Mr Brinley Thomas's admirably informative book is therefore extremely welcome.

In Sweden, as Mr Thomas points out, there has always been much more contact and understanding between professional economists and business men than in most parts of the world: and he consequently prefaces his historical account of Sweden's recovery with a survey of the contributions made to our knowledge of monetary phenomena by Professors Myrdal and Lindahl and other successors of Wicksell and Cassel. These younger economists, Mr Thomas shows, have both emphasised the importance of psychological factors in the trade cycle and pointed out the danger of the rigid kind of explanation of depression which prompts the inference that no positive policy is any good.

When the Social-Democratic Government took office in the autumn of 1932, they believed that if nothing was done the depression might continue indefinitely; and after consultation with experts they decided to embark on a controlled expansionist policy. The krone had already depreciated in September, 1931; but no advantage had been taken of the monetary freedom thus obtained. In February, 1932, the Bank rate was still at 6 per cent., and the Krueger crash in March had still further shattered business confidence. It was therefore decided by the new government to reduce interest rates, to conduct open-market operations, to unbalance the Budget in order to expand the nation's spending, and to borrow for a three-year programme of public works. The exchange value of the krone was to be left to take care of itself. At the same time taxation on property was increased.

The Bank rate was reduced by stages to 2½ per cent. in December, 1933. At first a prolonged building strike held back recovery; but at the end of 1933 production and trade began to move upward, and the revival continued steadily throughout 1934 and 1935. So completely, in fact, did the course of recovery follow the Government's plan that in the spring of this year the Finance Minister was able to balance the Budget, repay the money borrowed for public works loans, reduce taxation, and increase expenditure on the social services. Meanwhile, unemployment had been reduced from 189,000 at the beginning of 1933 to 47,000 this spring—which is no more than the minimum of persons moving from one job to another.

The Social-Democratic policy was, of course, greatly helped by two factors: the depreciation of the krone and the increasing demand for Swedish exports (itself partly due to the British building boom). This supplied the central bank with the reserves necessary to support an expansionist policy. But the Government, by taking the opportunity thus offered, have shown that in suitable conditions a forward monetary policy can be followed with great success. They have also shown that increased taxation is not incompatible with recovery if the profitability of industry is restored by other means. And most important of all they have shown, as Mr Thomas justly observes, that cyclical depression and unemployment can be cured without revolutionary innovations and without the sacrifice of political liberty.

* "Monetary Policy and Crises: A Study of Swedish Experience." By Brinley Thomas. Preface by Hugh Dalton. Routledge. 239 pages. 7s. 6d.

SHORTER NOTICE

"Reactionary England." By H. R. G. Greaves. Acorn Press. 160 pages. 5s.

Readers of this book of essays will find much to disturb their equanimity. For it is the main theme of Mr Greaves that social inequality and the class structure have scarcely been affected in Great Britain in the last twenty years, and that the liberties of the individual are being curtailed rather than increased. In the first essay, "Freedom and the Police," Mr Greaves argues that in recent years the police have been using their powers more arbitrarily and that the purposes for which they use them are generally reactionary.

The attitude of another section of the executive is examined in "Social Privilege in the Foreign Service." Here the well-known fact of exclusive recruitment from a few public schools and the older universities is underlined, and certain instances of its consequences are suggested. As a contribution to the effective control of foreign policy, Mr Greaves recommends the establishment of a special but small Parliamentary Committee.

Probably the most valuable essay in Mr Greaves's book is that entitled "The Old Foreign Policy Under a New Guise." In some very well-argued pages he explains what he regards as the real causes of the failure of the League, and then proceeds to consider the basis of a new start. He proposes, not a further curtailment of national commitments but a genuine pooling of defence forces. To the argument that nothing can be done, so long as certain Powers remain outside, he replies, with reason, that this "is an additional reason for having an effectively organised collective system, to deal with any attack they may make."

The last essay, from which the book takes its title, is a summary of the general argument that the post-war period in British history is one of almost continuous reaction. Here there is certainly some exaggeration. Until 1931 at least the social services were expanding reasonably fast. It cannot, however, be denied that the hopes of far-reaching social change created by the war and current at the end of it have been bitterly disappointed during the last few years.

BOOKS RECEIVED

The Social Services. By W. Hardy Wickwar. (London) Cobden-Sanderson, 1 Montague Street. 268 pp. 10s. 6d. net.

Men, Money and Markets. By M. D. R. Leys. (London) Cobden-Sanderson, 1 Montague Street. 250 pp. 5s. net.

Central Europe and the Western World. By Gerhard Schacher. (London) Allen and Unwin. 223 pages. 10s. net.

China's Red Army Marches. By Agnes Smedley. (London) Lawrence and Wishart, Ltd. 311 pages. 5s. net.

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Investment For Appreciation

by L. L. B. ANGAS

Author of *Coming Rise in Gold Shares* (Feb. 1931); *Coming English Boom* (Sept. 1931); *Coming Rise in Wall Street* (Apr. 1933); *Coming American Boom* (Aug. 1934), etc., etc.

A method of forecasting and exploiting industrial cycles. Do not wait for a crisis to read this best seller. Descriptive folder available. Macmillan & Co. Ltd., St. Martin's St., London. Price 21 net.

MONEY AND BANKING

THE ANGLO-ARGENTINE AGREEMENT

WITH the pending expiration of the Anglo-Argentine—"Roca"—Agreement in November, negotiations are now actively proceeding for the conclusion of a new agreement. The desirability or otherwise of this step is being energetically debated between two schools of thought, one of which would, in the avowed interests of the British farmer, eschew any new agreement with the Republic; while the other, although frankly admitting that British agricultural interests should be taken into account, is strongly in favour of a new agreement affording continued protection to British interests generally in the Argentine. In advocating this they are thinking, not only of our important export trade and the relevant manufacturing industries, but also of the income from British capital in the Argentine.

The following table demonstrates the extent of trade between the Argentine and Great Britain:—

Year	Imports from United Kingdom "Tariff" Values c.i.f.		Exports to United Kingdom "Real" Values f.o.b.	
	(in thousands of paper pesos)			
1931	242,129	567,484		
1932	177,491	464,959		
1933	208,271	410,993		
1934	230,331	553,476		
1935	237,289	533,690		

Note.—Since 1933 the peso has been devalued to the extent of about 20 per cent., and to convert these returns into sterling, 15 pesos may be taken as equal to £1 sterling.

In considering the above figures, it must be borne in mind that it is the balance of all payments between the two countries which must be considered. The invisible British exports derived from trade between the two countries are of very great importance, particularly those relating to banking and insurance commissions and freights. British ships are constantly employed in the River Plate traffic, and Argentina has no such source of income.

The interdependent nature of Anglo-Argentine trade is further demonstrated by the following table:—

Year	Argentine Chilled Beef Exports		Argentine Textile Imports	
	Total	To United Kingdom (in thousands of paper pesos)	Total	From United Kingdom
1931	153,490	153,116	236,540	61,814
1932	125,651	125,508	232,568	57,792
1933	115,917	115,861	275,404	75,286
1934	127,126	127,041	275,668	86,013
1935	161,163	not yet known	276,265	not yet known

The above tables demonstrate not only the entire dependence of the Argentine chilled beef export trade upon the British market, but also the reciprocal tendency of British textile exports to the Argentine also to increase. Without Argentina's export trade in beef her imports of British textiles would shrink to nothing.

In April last the Argentine Ministry of Finance issued a statement—of which no refutation has been forthcoming—showing decisively the manner in which the Argentine Government had fulfilled the conditions of the Anglo-Argentine Trade Convention. It was shown that the order of priority governing the distribution of the sterling exchange resulting from Argentine exports is (a) public debt; (b) importation of goods; (c) freights; (d) interest on debentures and other loans; (e) private British remittances; (f) payment of dividends on preferred and ordinary shares of British companies in Argentina. During the operation of the "Roca" Agreement the full exchange proceeds derived from Argentine exports to the United Kingdom had been allotted for transfers to this country. Finally, British exporters receive definite advantages over those of other countries. Official exchange to pay for imports is allotted in respect of British goods without restriction. The value of this is shown by the fact that imports without prior exchange permit have to bear an exchange surcharge of virtually 20 per cent. As matters stand, Japan is only able to compete in the cheaper grades of textiles. Without the 20 per cent. surcharge she

would probably capture the entire Argentine textiles market.

In a speech in Buenos Aires, the Acting Commercial Counsellor to H.M. Embassy, speaking with full authority and as special representative of H.M. Government in all matters relating to exchange, expressed openly the satisfaction of the British Embassy at the loyal manner in which the Argentine authorities had implemented their treaty undertakings governing the distribution of the United Kingdom exchange quota. He also pointed out that the funding of the British-owned commercial peso balances cleared the way, and so was primarily responsible for the great improvement in Argentina's finances which had since set in.

Argentina must, of course, have consideration for her general economic position in entering into commercial commitments with any particular country. No reliable estimate of Argentina's balance of payments has been issued in recent years. The balance has undoubtedly been affected by the large-scale debt conversions which she has been able to undertake and which, together with the repatriation of external debt, are still in train. Prior to these conversions, it had been calculated that, in order to cover all necessary remittances on foreign account, Argentina required under the conditions ruling a few years ago an export surplus in her merchandise trade of about 200 million gold pesos. Apart from more recent changes, it is believed that the export surplus necessary to effect a balance of payments on all accounts at the present time is about 350-400 million paper pesos. Last year an export surplus of the requisite magnitude was actually recorded, but owing to the partial failure of the past season's wheat crop, a setback has occurred this year. The official figures compare as follows:—

Year	"Real" Values		
	Imports	Exports	Export Surplus
(in thousands of paper pesos)			
1931	1,173,828	1,455,815	281,986
1932	836,265	1,287,782	451,518
1933	897,149	1,120,842	223,693
1934	1,109,932	1,438,434	328,502
1935	1,174,981	1,569,349	394,368
First five months of 1935	467,393	720,070	252,677
First five months of 1936	458,420	620,796	162,376

Note.—Since 1933 the peso has been devalued to the extent of about 20 per cent.

It will thus be seen that exports in the first five months of 1936 fell by 13.9 per cent. compared with the corresponding period of 1935, whereas imports were reduced by only 1.9 per cent. The reduced export surplus for January-May, 1936, suggests that the active trade balance for the whole year will not exceed about 300 million pesos. This latter figure cannot be regarded in any sense even as an estimate, since it must be greatly affected by world conditions during the second half of the year, and more particularly by the current weather damage to maize as well as the results of the next fine cereal harvest, but it serves to illustrate the inevitable vicissitudes of an essentially agricultural country.

In the past, the failure of Argentina's principal cereal crop would undoubtedly have been followed by a break in the peso exchange. Since the beginning of last year, however, the Argentine credit and banking structure has been completely remodelled, and the new Central Bank, which has functioned since June, 1935, now holds not only a powerful reserve against the currency note circulation, but in addition a large accumulated Exchange Profits Fund which may be utilised when occasion warrants as an Exchange Equalisation Fund.

The first result of these reforms is that during the past few months something in the nature of a major crisis has been prevented. It also follows that Argentina's representatives in the present "Roca" Agreement negotiations are fully justified in having due regard to the vulnerability

of Argentina's economy. Importers and other remitters—apart from the British-owned railways who have been guaranteed a more favourable remittance rate—find cause for complaint in the Argentine Government's exchange profits, derived from the margin of 2 pesos between the official buying and selling rates for sterling and for other currencies, but the justification for the whole system is perhaps to be found in the relative stability which Argentina has enjoyed during a very unfavourable crop season.

It cannot be too strongly emphasised that, but for the conclusion of the "Roca" Agreement in 1933, Great Britain would have lost the most valuable of her trade connections in South America, and for British capital investments, the dividend position would have been immeasurably worse. It should not be difficult to ensure to Argentina that share of our market that she needs in order to buy an adequate volume of our manufactured goods and to discharge her obligations to the British investor.

FINANCIAL NOTES

The Foreign Exchanges.—The franc has been definitely stronger this week. It was rumoured in London that on one or two days the British Control sold francs in order to check too rapid an appreciation of the spot rate, while the New York-Paris cross-rate has also returned to Frs. 15.08 to the dollar, that is, to parity. The London discount on three months' francs has also narrowed since a week ago from Frs. 3½ to 2½ discount. During the week ended June 26th the Banque de France gained Frs. 46 millions of gold, and it is believed to have recovered rather more during the current week. The latest Banque de France return distinguishes between commercial and Treasury bills, showing the former at Frs. 7,764 millions on June 26th and the latter at Frs. 13,797 millions. It also contains a new item of Frs. 536 millions, called Provisional Advances to the State without interest, and this may represent the Treasury's first draft on the new Frs. 10,000 millions credit at the Bank. The remaining gold bloc exchanges are also stronger. Forward guilders have improved, and the Netherlands Bank has reduced its rate to 3½ per cent. Three months' Swiss francs have come in from 29 to 18½ centimes discounts. The New York spot rate remains weak at \$5.02½, and the three months' rate is little changed.

The Bank Return.—The end of the quarter has brought with it the usual increase in the note circulation, but the Bank's gold purchases have kept pace with this expansion, so that the Reserve is unchanged:—

	BANK OF ENGLAND				
	July 3, 1935	June 10, 1936	June 17, 1936	June 24, 1936	July 1, 1936
£ mill. £ mill. £ mill. £ mill. £ mill.					
Issue Department:—					
Gold	192.7	208.5	211.9	216.3	221.1
Note circulation	401.4	433.0	432.0	434.8	439.6
Banking Department:—					
Reserve	51.9	36.4	40.8	42.5	42.4
Public deposits	9.6	13.5	13.9	20.0	9.9
Bankers' deposits	110.5	86.5	91.0	90.8	111.7
Other deposits	38.0	37.1	37.4	37.4	39.8
Government securities	98.2	97.8	98.3	99.6	110.4
Discounts and advances	13.5	6.2	4.8	7.6	10.6
Other securities	12.5	14.6	16.3	16.5	15.9
Proportion	32.8%	26.5%	28.6%	28.6%	26.2%

The wide changes in the banking department are explained in the following Note. They are mainly due to the money market's preparations for the end of the half-year, but the drop in public deposits may also be due to the July 1st Conversion Loan dividend payment of about £6,000,000 in cash.

The Money Market.—The suggestion made in last week's *Economist* that the brunt of the half-year's borrowing would fall on the Government proved correct. While there had previously been some precautionary market borrowing from the Bank, the market did not have to go to the Bank at all on June 30th. Old day-to-day loans

were renewed by the clearing banks on that day at 2 per cent., and while 2½ per cent. was charged for new loans in the morning, by the afternoon some of the banks were lending money for the night at ½ per cent. Meanwhile, the floating debt statement for June 30th shows that £26.7 millions had been borrowed on Ways and Means from the Bank, while the Bank return for July 1st shows a drop of £10.1 millions in public deposits and an increase of £10.8 millions in Government securities. Discounts and Advances were little higher than in the previous week. It is thus clear that the market had arranged for its week's Treasury bill maturities to fall due on June 29th and 30th, and for its new Treasury bills to be paid for on or after July 1st. Thus although the Bank return shows an increase of £20.9 millions in bankers' deposits, this money was found by the Government and not by the market:—

	June 11, 1936	June 18, 1936	June 25, 1936	July 2, 1936
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate	½	½	½	½
Short loan rate:—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	½	½	½	½
Discount rates:—				
Treasury bills	½	½	½	½
Three months' bank bills	1-½	1-½	1-½	1-½

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.

Since the end of June, one or two of the banks have bought a few August and September Treasury bills at ½ per cent. The present position is that there are no sellers of Treasury bills at ½ per cent., but the moment ½ per cent. is suggested sellers predominate over buyers. This contrasts with the position of two months ago, when there were more buyers than sellers at ½ per cent., but it looks as if rates slip back to the level ruling up to the end of May.

Six Months' Money Rates.—The following table gives for purposes of record a comparison of money and discount rates for the past half-year with those of previous years. The rates quoted, besides Bank rate, are the market rate of discount on three months' bank bills, the London deposit rate and the average rate for loans to bill brokers:—

Year	AVERAGE MONEY RATES			
	Bank Rate	Market Rate, 3 Months' Bills	Deposit Rate, Banks	Short Loans
£ s. d. £ s. d. £ s. d. £ s. d.				
1923	3 9 9	2 14 1	1 9 9	1 16 8
1924	4 0 0	3 10 9	2 0 0	2 12 8
1925	4 11 0	4 2 0	2 11 0	3 9 3
1926	5 0 0	4 10 3	3 0 0	4 1 1
1927	4 13 0	4 4 10	2 13 0	3 15 0
1928	4 10 0	4 3 0	2 10 0	3 12 6
1929	5 10 0	5 5 4	3 10 0	4 12 3
1930	3 8 5	2 12 3	1 8 5	2 9 6
1931	3 18 7	3 11 0	2 1 0	3 0 10
1932	3 0 2	1 16 9	1 5 2	1 15 7
1933	2 0 0	0 13 10	0 10 0	0 15 5
1934	2 0 0	0 16 7	0 10 0	0 16 10
1935	2 0 0	0 11 3½	0 10 0	0 14 10½
1st Half Year 1936	2 0 0	0 11 9	0 10 0	0 15 0

Generally speaking, money and discount rates were fractionally higher during the first six months than during the whole of 1935, but some care is needed in interpreting the 1936 averages. The clearing banks now charge fixed rates of ½, ¾ and 1 per cent. for call and short loans, according to collateral, and in practice the bulk of the clearing bank money is lent against Treasury bills at their lowest rate of ½ per cent. Outside lenders also charge mostly ½ per cent., so that if it were possible to strike a weighted average of the various loan rates, it would be very little above ½ per cent. Also the bulk of the bills dealt in in the discount market are now Treasury bills, so that the rate for three months' bank bills is at present hardly representative. During most of the half-year the banks were buyers of Treasury bills at ½ per cent., and except during June the average tender rate was very little above ½ per cent. Compared with the difference between current rates and those of several years ago, these discrepancies may be of little importance. Both short loans and discount rates are now largely controlled.

THE STOCK EXCHANGE

A NEW FOREIGN BOND INDEX

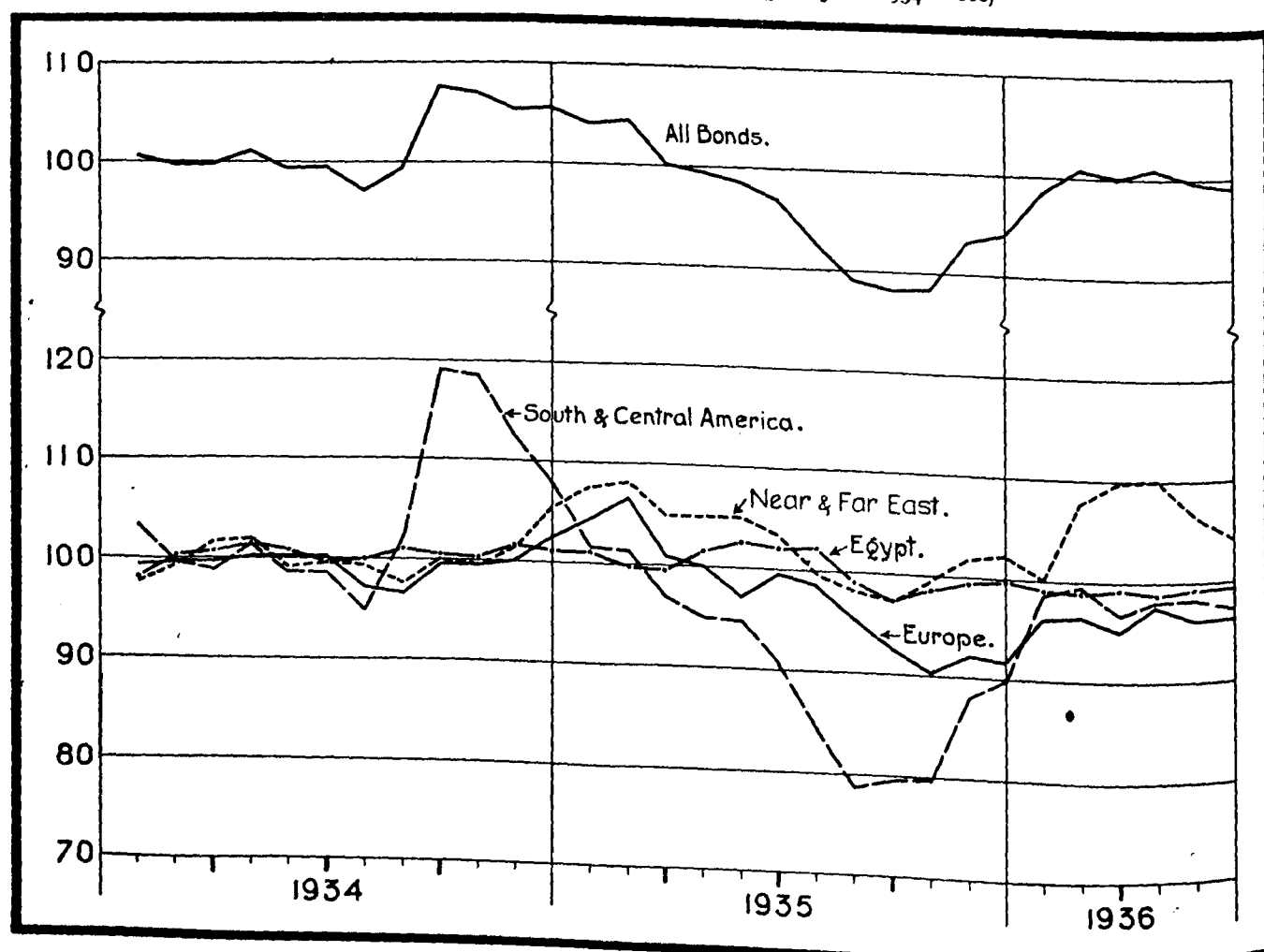
It is doubtless possible to invest successfully without benefit of statistics. But the unsuccessful investor can no longer blame his failure upon the lack of statistical information. Indeed, there may be dangers in an excessive concentration upon purely numerical data. In the United States the movements of the indices are watched so closely that it is sometimes difficult for any consideration other than "market performance" to secure a hearing in evidence when the value of a security is being judged. The British investor has yet to be convinced of the occult powers of the graph; he still believes that some secrets of the future are hid from the chart reader, and that the only way of foretelling the future is to guess on the basis of the best information available. But it cannot be denied that estimating the future is assisted by knowledge of the past. The separate movements of a crowd of disparate securities cannot be memorised, or combined into an intelligible record, by the mind of the individual investor. He requires assistance in the shape of index numbers, and such assistance has been given him in increasing measure in recent years. The Actuaries' Investment Index covers the entire range of ordinary and fixed-interest security movements, while the *Financial News* ordinary share index, following its revision last year, provides an up-to-date and sensitive market indicator. Both series are regularly published in the *Economist*. Nevertheless, one significant section of the market has hitherto largely escaped the statistician's net, for no comprehensive index number of foreign bond values, based on an adequate sample, has been regularly published. Changes in the total value of a sample of 26 foreign bonds are published each month as part of the *Banker's Magazine* valuation of 365 representative securities. From the invest-

ment aspect, however, aggregate changes of a small sample of quotations give only a vague outline of the picture, in which the individual features change quickly in response to peculiar political, budgetary and economic factors affecting the position of the countries whose securities happen to be included.

A new index of foreign bond prices has recently been constructed by the statistical staff of Municipal and General Securities Company, Ltd., which, by adopting a wider range of securities and sub-dividing them into component indices, attempts to meet these objections. The indices have been primarily devised in connection with the Foreign Government Bond Trust (which is managed by the company), and are in fact based upon the list of 114 securities in which the funds of the Trust can be invested at the discretion of the managers, subject to the limitations imposed by the trust deed. It should be clearly understood, however, that the new indices will not be affected by any changes that may be made in the composition of the Trust. Fluctuations in the index are likely to be of the same general character as changes in the prices of Foreign Bond Units, but it must be remembered that while the construction of the indices does not change, the underlying securities of the Trust may vary both in geographical distribution and also in number.

It is computed that the 114 securities included in the new index, of which all but nine (Chinese) issues are quoted in the Official List, have a nominal value of some £608 millions. The sterling value of foreign bonds quoted officially and unofficially on the London Stock Exchange exceeds £2,900 millions, so that the sample covers more than one-fifth of the total field, as measured by nominal

FOREIGN BOND MOVEMENTS, JANUARY 1934 to JUNE 1936
"MUNICIPAL AND GENERAL SECURITIES" INDEX (JAN.-JUNE 1934 = 100)



value. Five constituent indices have been calculated, comprising Europe (represented by 32 issues), Near and Far East (31 issues), Egypt (4 issues) and South and Central America, whose total of 47 bonds is further sub-divided into 36 State issues and 11 Provincial Government loans. The quotations employed are the "offered" prices for the last trading day of each month, adjusted for accrued interest according to the current rate of coupon payments. These quotations are then expressed as percentages of the average equivalent quotations during the base period, i.e. the first six months of 1934. The five constituent indices are then calculated from the unweighted geometric average of the price ratios, while the total index is a geometric average of the component indices, weighted by the number of bonds in each group. The subsidiary total index for Central and South American bonds is similarly calculated from the State and Provincial indices.

No system of individual weighting, even if it were based on average turnover as most closely representing market interest, is free from objection. The use of nominal values for weighting purposes would certainly overweight the high-priced at the expense of the low-priced bonds. Again, since wide price fluctuations are common in this market, weighting by nominal value would distort relative price changes. The effective weighting is therefore determined by the number of bonds in each component index, and since the spread of the sample appears to cover the whole range reasonably well, a broad relation between the weights and market importance is preserved. The compilers have wisely adopted a geometric index, in order to minimise the effects of wide relative movements which always tend to distort an arithmetic index.

The resulting indices are plotted on the chart opposite, and are given in detail in the following table:—

AVERAGE JAN.-JUNE 1934 = 100.

Month	Europe (32)	Near & Far East (31)	Egypt (4)	South & C. America (47)			Composite Index (114)	Unde- faulted (60†)	De- faulted (54†)
				State (36)	Prov. Govt. (11)	Total			
1934									
Jan.	99.3	97.6	97.7	104.4	100.1	103.4	100.4	97.7	103.9
Feb.	99.8	99.3	100.2	99.2	101.2	99.7	99.7	99.8	99.6
Mar.	99.7	101.5	100.7	99.4	95.9	98.6	99.8	100.7	98.7
Apr.	100.2	101.8	101.3	101.4	100.8	101.3	101.2	100.9	101.4
May	100.2	99.1	100.7	98.0	99.9	98.4	99.2	100.2	98.0
June	100.2	99.6	99.6	97.8	100.6	98.4	99.8	100.4	97.9
July	97.1	99.4	100.0	83.8	98.3	94.8	97.0	99.7	93.8
Aug.	96.6	97.6	100.9	102.0	102.4	102.1	99.2	99.3	99.2
Sept.	99.5	100.1	100.3	118.2	118.7	119.1	107.6	103.7	112.0
Oct.	99.5	99.5	100.2	116.8	123.6	118.4	106.9	104.0	110.6
Nov.	100.1	101.2	101.3	111.4	116.1	112.5	105.3	105.9	104.7
Dec.	102.3	105.4	100.9	107.9	109.0	108.1	105.4	107.6	102.9
1935									
Jan.	104.3	107.4	100.9	101.9	100.7	101.6	104.9	106.2	101.2
Feb.	106.4	108.1	99.8	102.0	98.6	101.2	104.4	107.5	100.8
Mar.	100.8	104.9	99.5	96.4	96.8	96.4	100.1	105.2	94.8
Apr.	100.0	104.9	101.5	95.3	93.6	94.9	99.3	104.8	92.6
May	97.1	104.9	102.4	96.9	88.0	94.8	98.4	105.2	90.6
June	99.5	103.3	102.1	92.9	83.4	90.6	96.8	104.8	87.7
July	99.5	99.7	102.2	85.9	79.0	84.2	92.7	103.4	81.1
Aug.	95.8	98.1	99.0	80.8	72.4	78.7	88.1	100.7	75.3
Sept.	92.3	97.2	97.2	82.0	71.9	79.6	88.2	100.9	75.3
Oct.	90.2	99.5	98.3	82.2	71.9	79.6	88.2	100.9	75.3
Nov.	92.0	101.7	99.5	91.9	76.6	88.1	93.1	101.0	84.5
Dec.	91.6	102.2	99.8	93.6	78.5	89.9	93.9	102.0	85.2
1936									
Jan.	98.2	100.1	98.9	102.9	85.4	98.6	98.8	103.4	92.5
Feb.	96.4	107.7	98.8	103.5	86.5	99.3	99.7	104.1	92.8
Mar.	95.1	109.9	99.2	100.2	85.9	96.7	100.0	103.7	95.3
Apr.	97.6	110.0	98.7	101.3	87.9	98.0	100.8	104.7	96.5
May	98.1	106.5	98.2	101.3	88.6	98.1	99.8	104.3	96.0
June	98.3	104.4	99.4	100.2	89.2	97.5	99.1	102.8	95.1

† For definition see text. † These are current totals. Changes in totals have been necessitated during period as follows: Jan. 1934 to July, 1935, 63 defaulted, 51 defaulted bonds; Aug. 1935 to April, 1936, 62 defaulted, 52 defaulted bonds; May, 1936 to date, 66 defaulted, 54 defaulted bonds.

Over the past two and a half years the change in the total index has been remarkably small, since the net decline over the whole period up to the end of last month was little over one point. The range of fluctuation, however, has been very considerable. The total index reached its peak of 107.6 in September, 1934, and fell nearly twenty points in the succeeding twelve months to 88.1. Among the component indices, greatest stability has been preserved by Egyptian bonds, while the fluctuations in Central and South American issues, both State and Provincial, have been most severe. After reaching respective peaks of 119.2 and 123.6 in the autumn of 1934, these two indices fell almost without interruption to low levels of 80.8 and

71.7 eleven months later. It is significant that all the "lows" for the total and constituent indices should have been recorded during the "sanctions crisis" last year. The foreign bond market is the least protected against political risk.

It is evident, from a study of the chart, that the movement of the total index is significantly affected by the South American group. Between October, 1934 and February last year the "pull" of the latter group is particularly clear. In part it is due to weight of numbers, for this group provides 47 out of the total of 114 bonds. Secondly, Brazilian bonds were unsettled during the base period, owing to the introduction of the Brazilian Debt Plan in February, 1934. The inclusion of 15 Brazilian issues in the "State" index and as many as 9 Brazilian issues in the "Provincial" index, coupled with the low base quotations, may therefore exaggerate the abrupt market movements in this group. In the Near and Far Eastern group, China is represented by 20 bonds, Japan by 7, Turkey by 2, and Persia and Siam each by one issue. The improvement and subsequent relapse of Chinese securities this year has exerted predominant influence upon this group, while an additional weight is given to Chinese issues by the inclusion of five tranches of identical loans. The European sample is well spread, although no French issues are included and Greece is represented by as many as six loans. Certain bonds in this group, such, for example, as the Belgian issues, impart a stability to the index owing to their approaching redemption dates.

The influence of default in coupon payments is also an important factor in the total index. The compilers have, therefore, calculated two subsidiary indices, showing the movement of bonds on which full interest payments are being made in London (disregarding any partial or complete default in sinking fund provisions) and of those remaining bonds which are in partial or complete interest default. At present, some 54 issues come within the latter category. The resulting index of their movements shows a close correlation with the South American index, whose composition it largely resembles. Subject to changes in composition noted in the table, the indices show that an investor who had held nothing but full interest-paying bonds during the past two and a half years would have been rewarded to the extent of 5½ per cent. in capital appreciation, while the speculator in search of recovery among the defaulted issues would have lost 8½ per cent. of his money.

This may be a salutary lesson for foreign bond investment in the future. Investors, however, will be able to follow the trend of the index in subsequent issues of the *Economist*, since Municipal and General Securities Company, Ltd., have courteously undertaken to supply us with the monthly figures for regular publication. We commend the index to the attention of investors in the belief that, although it is not free from certain defects inherent in the composition and sensitiveness of the foreign bond market as a whole, the index represents a careful attempt to measure movements which have, hitherto, lacked an adequate yardstick.

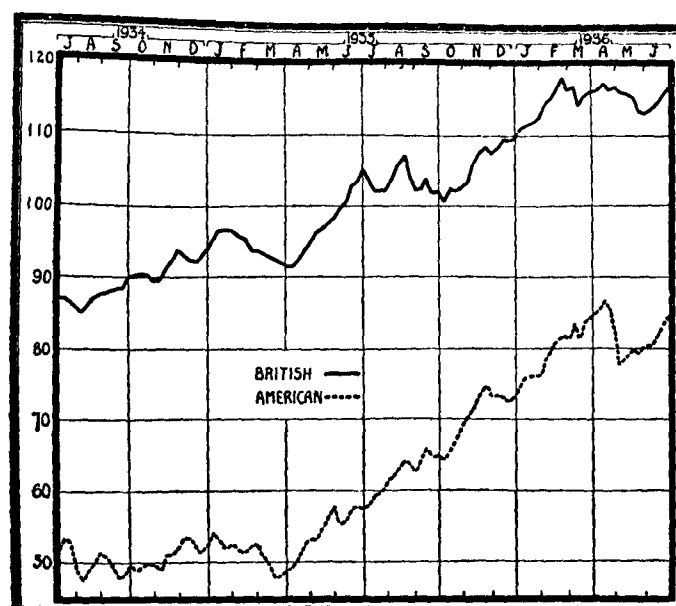
INVESTMENT NOTES

Course of Share Values.—The past month has witnessed a recovery in share values on both sides of the Atlantic. In London, the first trading day of June marked the end of a process of technical correction extending over the previous six weeks. The recovery opened hesitantly enough, for investors were pre-occupied with the most severe gold bloc crisis experienced to date. Anticipations that M. Blum would find himself compelled to devalue or to adopt exchange clearing were falsified, but the prevailing fears depressed commodity and gold shares, which were regarded as specially vulnerable to a fall of the franc and the guilder. The movements of the past month have been largely concentrated in the steel, motor, aviation and engineering groups. Despite the confident belief that industrial recovery will be maintained for many months to come, the market has wisely refrained from indulging in a

general buying movement, and has concentrated instead upon the re-armament and construction equities. The recovery of the franc has encouraged modest purchasing in other sections, but the "fixed-interest" equities have again found few supporters. The underlying political situation in Europe has shown no improvement during the month, although the market signalled the end of sanctions by marking slightly higher prices a fortnight ago. After a month of convalescence from the April shake-out, Wall

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES OVER THE PAST TWO YEARS

(1928 = 100)
British: "Financial News" Index of 30 Ordinary Shares
American: "Standard Statistics" Index of 50 Common Stocks



Street also recovered during June, and many stocks have regained the April "highs." The market has swallowed the tax measure with fair grace, but, like other centres, Wall Street took some time to shake off its fears for the franc. Recently it has shown more confidence in the industrial situation, with the steel industry working close to effective capacity. Distribution of the veterans' bonus, however, has not provided the consumers' goods trades with the expected filip. Cleveland provided the best news for the market, which rejoices to observe the falling odds on President Roosevelt's re-election resulting from the closing of the Republican ranks, but Wall Street, like London, still lacks a consistent market leader. Industrial ordinary share movements at home, as measured by the Actuaries' Investment Index of 178 issues, stand at 83.1, compared with 81.9 a month ago and 77.5 a year ago (December 31, 1928 = 100). During the year changes in average yields have been very small, the return being 3.76 per cent. at present, against 3.75 per cent. a month ago and 3.80 per cent. a year ago. Selections from the fixed interest and ordinary share indices computed by the Actuaries are given below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Year Ago (June 25, 1935)	Month Ago (May 26, 1936)	This Week (June 30, 1936)	Year Ago (June 25, 1935)	Month Ago (May 26, 1936)	This Week (June 30, 1936)
Fixed Interest						
2½% Consols	151.7	149.7	152.7	2.94	2.98	2.92
Misc. Indust. Debts. (17) ..	125.9	125.7	125.7	3.86	3.92	3.92
Do. Preference (44) ..	120.6	121.1	121.6	4.26	4.25	4.22
Ordinary						
Banks and Discount Co.'s (12)	115.7	121.5	124.4	4.05	3.96	3.87
Building Materials (5)	92.9	99.0	101.6	4.34	4.89	4.75
Coal (7)	92.9	92.6	98.9	3.74	4.45	3.43
Iron and Steel (12)	59.9	67.7	71.7	3.33	3.31	4.12
Oil (5)	69.6	85.8	82.6	4.11	2.89	3.09
Electric Supplies (10)	117.3	134.7	141.4	4.37	3.84	3.85
Miscellaneous (58)	69.8	74.4	75.5	3.97	4.09	4.06

Fixed interest securities have shown little net change during the year. The recent movements in ordinary shares reveal the concentration of interest upon construction and re-armament equities.

New Zealand Bond Negotiations?—The market has not taken kindly to the suggestion of the New Zealand Premier, Mr Savage, that the Finance Minister when negotiating a trade agreement in London, will ask for a reduction of interest upon New Zealand loans. The Premier's economic case is that the Dominion is "paying more than was intended" when the loans were made. Later elucidations from Wellington have reiterated New Zealand's intention of honouring her bond, but have stressed the fact that the real burden of her debt service, measured in terms of exports, has doubled since the loans were raised. It is doubtless true that the physical quantity of goods to provide a given sum to meet the debt service has doubled in that period. But both parties to the loan contracts entered into the transactions on money terms, and a revision to accommodate the debtor now would surely pre-suppose the contrary adjustments in favour of the creditors if the value of their interest and principal, measured in terms of commodities, should fall in the future. The budgetary cost of New Zealand's external debt service has certainly increased in recent years, but that increase is attributable largely to the deliberate depreciation of the New Zealand pound by 25 per cent., which Mr Savage would admittedly like to reduce. Unlike Australia, New Zealand has enjoyed unlimited opportunities for converting her debt to a lower interest basis during the present low-interest cycle. She made two conversion issues during 1934-35, while at the end of April last an issue of £4,000,000 3 per cent. stock, 1952-55, was made at 98½ to convert an existing 6 per cent. stock. The next conversion opportunity does not occur until 1940, when a 3½ per cent. issue, of which £17,172,191 is outstanding, is due for redemption. The following table shows the redemption terms of New Zealand loans quoted in the Official List:—

Original Issue	Amount outstanding	Rate of Interest	Redemption	Quotations			Fall, July 1, 1936
				High, 1936	June 30, 1936	July 1, 1936	
18,014,276	17,172,191	3½	1940	104½	103	102	1½
9,657,980	9,657,480	3	1945	102½	101	100½	1½
10,881,819	10,505,989	4	1943-63	105½	105	105	2
5,898,800	5,869,988	6	1936-51	102½	102½	102½	2
7,362,000	7,339,656	4½	1944	109½	108	106	2
7,588,064	7,580,908	4½	1945	109½	108	106	2
12,893,924	12,886,110	4½	1946	114½	112	109	3
11,225,000	11,221,609	4½	1947	110½	108	106	2
19,227,988	19,225,465	4½	1948-58	109½	109	107	2
7,500,000	7,500,000	5	1949	115½	113	109	4
5,000,000	5,000,000	5	1956-71	121	119	117	2
5,000,000	5,000,000	3½	1949-54	104½	104	102	2
3,989,100	3,989,100	3½	1955-60	106½	104	102	2
8,000,000	8,000,000	3	1952-55	100½	98	96½	1½

Of the £130 millions of sterling loans now outstanding some 59 per cent. carries interest at 4½ per cent. or more. Some £58 millions of debt is repayable or convertible between 1945 and 49. There is little likelihood that creditors would be willing to anticipate these dates, nor, fortunately, that New Zealand would contemplate any action which would impair her justifiably high credit-standing in the London market.

Holding Companies and the Stock Exchange.

The Committee for General Purposes have made an important announcement this week on the subject of holding company promotions. The Committee have noted a tendency for new companies to be formed as holding companies acquiring the shares of existing undertakings instead of purchasing their assets in the usual way. While they realise that "holding companies in certain instances serve a useful purpose," the Committee will in future require to be satisfied that there are adequate reasons for this method of promotion. This announcement carries the Committee's evolutionary policy on the control of new issues a stage further. Some months ago the Committee declared that market "introductions" should not be used in cases where a direct public offer of shares would be more appropriate. The latest announcement is equally vague in detail, but no less explicit in intention. The holding company specifically formed for the process of flotation will probably earn the Committee's disapproval. In flotations of this kind the vendors, wishing to preserve their equity control in an established concern, usually transfer it to a new holding

company whose capital consists partly of preference shares and partly of ordinary shares. The former are then sold to the public, while the vendors take as their purchase consideration the ordinary shares, which carry the voting control of the holding company—and consequently of the operating company. It is possible, under this arrangement, for the vendors to preserve a very small financial stake in the concern, but to retain complete control. Real knowledge of the value of the physical assets of the operating concern is frequently lacking, and precise information regarding the level and—equally important—the trend of operating earnings is often concealed from the holding company shareholders. Again, where the shares of the operating company are entered in the holding company's books at purchase price, an asset may result which contains a substantial but undisclosed measure of goodwill. Two points may be made regarding the Committee's announcement. First, if the publication of adequate consolidated revenue accounts and balance sheets were generally practised, the work of the Committee and the investor would be vastly lightened. From the market aspect, secondly, the deliberate vagueness of the Committee's announcement is in keeping with its usual policy. It does not deny prior indication of what is considered "adequate" to those concerned in given cases, but it avoids the difficulties of legislation by fixed rule.

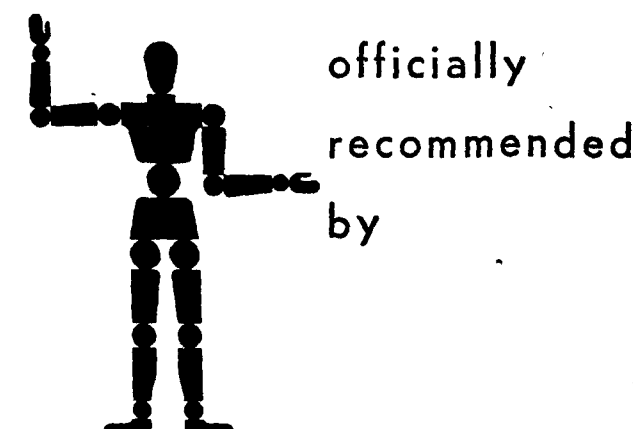
The McGowan Report and the Investor.—The broad aspects of the recommendations submitted by the McGowan Committee are discussed in a leading article on page 3. If these recommendations are implemented by legislation, no disadvantage will be suffered by companies whose activities are confined to, and whose profits are solely derived from, the normal business of electric supply, and some companies are likely to receive substantial benefit. On the other hand, undertakings with large electric supply interests which also make substantial profits on contracting and other services to subsidiary concerns—such as Edmundson's, Christy Brothers and Power Securities—may find difficulty in maintaining the present level of profits from these ancillary activities. The companies likely to benefit from the suggested legislation fall into three categories. First, there are companies holding Distribution Orders which, although approaching the end of their franchise, are large enough to continue in existence. These concerns will therefore receive fifty years' tenure of their existing rights, at the existing level of profits, which may be increased under a sliding scale. Such companies include the Northampton Electric and Bournemouth & Poole. Power companies owning distribution undertakings, such as the North Wales Power Company, North Metropolitan, County of London, Metropolitan, Midland Counties and others, would reap similar benefits in varying degree. Secondly, certain companies own distribution undertakings of suitable size for absorption with other large undertakings, on terms of compensation which would probably be higher than present share values. Southern Areas Electric and Electrical Finance and Securities, for example, fall within this class. But since compensation would vary with the length of the unexpired franchises, Southern Areas would have an advantage over Electrical Finance. Various composite companies would also obtain similar advantages, of which British Power & Light, British Electric Traction and Electric Supply Corporation may be mentioned. Finally, certain power companies may be permitted to absorb the undertakings now owned by relatively small local authorities in their area on favourable terms. North Wales Power and Scottish Power seem of chief importance in this class.

News for Foreign-bond Holders.—The League Loans Committee announced on Thursday a further prolongation, to August 1, 1937, of the present arrangements between the Hungarian Government and the holders of the 1924 Hungarian League of Nations Loan. As first agreed two years ago, and renewed last year, the arrangement provides for transfer of 50 per cent. of the service in foreign currencies, the balance being provided in the Hungarian Budget, but paid into the National Bank in pengoes and re-

borrowed by the Government against deposit of 2 per cent. twelve-months pengö Treasury bills. The bills represented by the untransferred 50 per cent. of the 1934-35 and 1935-36 services of the loan are to be renewed for a further year, at the same rate of interest. The Hungarian Government reaffirm their recognition of the special position of the holders of this loan. Although Hungary's finances are steadily improving under the able hands of M. Fábinyi, the Finance Minister (who has conducted this week's negotiations with the League Loans Committee on the Hungarian side), the progress is slow mainly owing to trading difficulties in the Danubian area. The Hungarian authorities have at any rate put their case promptly and straightforwardly before the League Loans Committee. Investors will hope that the Greek financial delegation, despite the recent irritating delays, has come prepared to meet the contentions of the creditors' organisations that the country could well afford to transfer more than 35 per cent. of the debt service. Polish 7 per cent. Stabilisation Loan, which fell as low as 50 nominal at the end of last week, has subsequently recovered to 64½, on official assurances that the service of the London loan is not affected by last week's suspension of payments to United States and other creditors. Despite the favourable trade balance which Poland enjoys with this country, however, her present economic problems justify the current low level of this loan.

A Danish Conversion.—The offer for sale of £1,900,000 4 per cent. bonds of the Associated Municipalities of Denmark represents the first conversion operation on behalf of a foreign corporation since the city of Bergen came to the market in January last year. The present issue, which is offered by Hambros Bank at 99, will repay the outstanding £1,820,300 5 per cent. bonds of 1922, which have been called for redemption on January 1st next. At the current price of 102½ the bonds are of exclusive interest to the money market. The new bonds, like the old, will be secured by the joint and several

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guarantee of 24 Danish municipalities. They will have a maximum life of 24½ years from January next, but will be optionally redeemable from July, 1947. The yield to average redemption is £4 1s. 9d. per cent. The Association of Municipalities provides an interesting example of co-operation to obtain improved credit standing. Total assets of the guarantors exceed their total debt by some 50 per cent., and their property revenues, which amounted to £1,380,769 for 1934-35, were £26,000 higher than revenue from rates and taxes. Certain of the municipalities are joined as guarantors of two dollar loans, of which \$5,960,000 is now outstanding. The bonds now called for redemption have attracted investors by reason of their high grade, and the integrity of the borrower eminently justifies the present conversion issue, which, like the original loan, gives the borrower power of optional repayment after ten years have elapsed.

COMPANY NOTES

Wool Textile Companies.—In stability of turnover the wool textile industry falls midway between cotton and rayon. The last 10 years have seen little variation in the volume of goods handled. Thus the production of tops fell between the production census years of 1924 and 1930, exceeded the 1924 level in 1933, but fell approximately to the 1924 level in 1934. If anything, there has been a slight expansion in this department, but it is not large. The same movement occurred in yarns, since 1930 was a bad year for the trade as a whole, but here the tendency has been

year of vigorous revival in physical turnover and a better year than 1934. This reduction in margins has affected all departments of the trade. Its effect appears to have been least serious, however, in the wool-combing section which performs one of the first processes of converting raw wool into "tops" for spinning. This section has maintained a steady turnover, and it enjoys better organisation than other departments. The Woolcombers' Mutual Association, formed in February, 1933, has made good progress in buying weak units and preventing rate-cutting. Moreover, by its traditional organisation the wool-combing section works predominantly on commission. It never owns the wool itself and thus avoids the market risk of price fluctuations. Although the spinning section has avoided any serious reduction in physical turnover, it is compelled to carry large stocks of wool in process of production, and is thus exposed to substantial fluctuations in profits arising from movements of wool prices. The price factor does not merely involve profits or losses on the stock valuations, for at times it results in unexpected pressure to reduce the spinners' margin between raw wool and yarn prices. The final processes in manufacture, of which weaving is the most important, are still largely under private control, and while there are certain large public companies in this section, several are specialists, whose results are largely dependent upon accurate anticipation of demand. So far as generalisation is possible, the accompanying table of profits suggests that conditions are tending to improve in the manufacturing section, but are still far from easy. In investment quality, Woolcombers stands first—though any renewal of pressure to reduce margins would constitute a serious threat to profits—while Patons & Baldwins, in the spinning section, whose profits swing inevitably with the price of wool, is a share for the specialist rather than for the general investor.

Half-Year's Rail Traffic.—The latest traffic returns bring the home rail half-year to a disappointing close. All lines have suffered considerably on passengers, while the L.N.E.R. goods comparison with last year is poor. The twenty-sixth week, however, closed on June 27th for this line and on June 28th for the other groups. The market's presumption, therefore, is that the half-year "sweepings" will fall into the twenty-seventh week's figures. The following table compares the half-year's receipts for each company with those of 1935 and with the average over the "normal" period 1927-30. They exclude ancillary revenues and are subject to any half-yearly adjustments which may be made:—

GROSS RECEIPTS, JANUARY-JUNE, 1936

	L.M.S.	L.N.E.R.	G.W.R.	S.R.
Passenger receipts (£)	11,379,000	7,414,000	4,720,000	7,145,000
Change compared with 1935 (%)	- 0.09	+ 0.45	+ 0.55	+ 1.22
Change compared with 1927-30 (%)	- 14.8	- 16.2	- 19.6	- 8.5
Merchandise receipts (£)	12,274,000	8,334,000	4,856,000	1,566,500
Change compared with 1935 (%)	+ 5.83	+ 4.10	+ 3.98	+ 1.41
Change compared with 1927-30 (%)	- 18.0	- 23.8	- 15.9	- 24.1
Coal receipts (£)	6,408,000	6,114,000	2,651,000	837,500
Change compared with 1935 (%)	+ 4.82	+ 4.26	+ 2.59	+ 5.28
Change compared with 1927-30 (%)	- 9.4	- 9.3	- 17.7	- 3.2
Total receipts (£)	30,061,000	21,862,000	12,227,000	9,599,000
Change compared with 1935 (%)	+ 3.28	+ 2.89	+ 2.34	+ 1.59
Change compared with 1927-30 (%)	- 15.1	- 17.6	- 17.8	- 10.7

The L.M.S., with an increase in receipts of £937,000, has made the greatest absolute and relative progress on 1935, and its recent takings from merchandise have been particularly encouraging. The Southern's passenger increase, however, is smaller than for 1935. For the L.N.E.R. the trend is distinctly more encouraging, for the corresponding half-year in 1935 closed with losses for merchandise, coal and total receipts. In the table which appears on page 25 comparisons of the analysed traffics are presented. Since the end of February, goods traffics have approximately maintained a 5 per cent. rate of increase, after allowing for the incidence of last year's Jubilee celebrations. Receipts in this class still make the worst comparison with the "normal," owing to loss of business to the roads, but some ground has been regained during the half-year. The coal "pluses," although more modest during recent months, are satisfactory, for quieter condi-

* Broken period equated to 12 months. † Tax free. ‡ Interim 2½ per cent. tax free and final 7½ per cent. less tax. § Assuming normal pref. div. ** Omits 6 month period to June 30, 1934—previous periods to December 31. †† Prior to capital reorganisation—allocations not applicable to present structure. ‡‡ Interim 2½ per cent. less tax and final 7½ per cent. tax free.

towards a slight contraction in output. The variety of individual fabrics is great, but the statistics suggest an expanding tendency in all-wool fabrics and carpets, while mixture tissues of wool and other fibres have fallen. While the volume of work has been relatively stable, values have fallen in competition with other textile fibres, and the falling trend of wool prices has further reduced the manufacturer's margin of profit. Thus the "net output" of the industry fell from £53,064,000 in 1924 to £37,460,000 in 1930, and only recovered to £39,913,000 in 1933, a

TRAFFICS OF ALL LINES COMPARED WITH 1935 AND WITH 1927-30

Weeks	Change compared with 1935 (%)				Decrease compared with 1927-30 (%)			
	Passenger	Merchandise	Coal	Total	Passenger	Merchandise	Coal	Total
1-4 ...	+ 0.9	+ 1.1	+ 8.6	+ 2.9	16.8	20.9	4.6	15.5
5-8 ...	+ 0.4	+ 2.2	+ 5.3	+ 2.3	14.3	22.9	8.4	16.4
9-12 ...	+ 1.3	+ 5.6	+ 2.5	+ 3.2	15.6	20.6	11.8	16.8
13-17 ...	+ 1.1	+ 6.2	+ 2.2	+ 3.1	15.1	18.3	11.6	16.0
18-19*	+ 9.4	+ 11.5	+ 10.0	+ 1.7	14.0	19.5	10.3	15.3
20-24 ...	+ 2.6	+ 3.7	+ 0.9	+ 2.4	14.2	17.8	12.5	15.2
25 ...	+ 2.3	+ 5.6	+ 3.9	+ 3.7	9.7	16.5	12.6	12.7
26 ...	+ 4.1	+ 1.0	n.c.	- 1.7	11.3	19.1	19.2	15.4

* Jubilee fortnight in 1935.

tions would not have been surprising after the settlement in the mining industry and the termination of precautionary re-stocking. On the half-year's traffic figures, it would seem that L.M.S. ordinary and L.N.E.R. second preference have each earned about 1 per cent., while Great Western ordinary should be covered to the extent of 2½ per cent. Southern deferred, whose recent recovery merits have been dimmed by L.M.S. ordinary, has probably earned slightly under one-quarter of 1 per cent. While it recalls that only two lines took direct credit for rating relief in the last accounts, the market is not disposed to take a cheerful view of dividend prospects while the current wage uncertainties prevail. The Railway Staff National Council has been unable to agree on the N.U.R. and Railway Clerks' claim for restoration of the full 2½ per cent. earnings deduction, of which the companies have offered to restore one-half. The question therefore proceeds to the National Tribunal, which is composed of one nominee from each side, under independent chairmanship, to which Sir Arthur Salter has been appointed by the Ministry of Labour this week. Until the decision of the Tribunal is made known, a period of continued dullness in the home rail market is to be expected.

London Transport Year.—The receipts of London Transport, before pooling with the main line railways, show an increase of £380,400 for the 52 weeks to June 27th,

the total being £28,477,300. The total for the previous 52 weeks, amounting to £28,096,900, has been adjusted to take account of bus undertakings absorbed during that year. In last year's accounts, however, passenger receipts after the operation of the pooling scheme amounted to £28,823,262. It is difficult, as the market has acknowledged for several months, to frame reliable estimates of net earnings for the system on the basis of these gross receipts, for the operating ratio is affected by recent changes of wages and by variations in the cost of fuel. Consequently, stockholders who were tending to credit the Board with the intention of paying the full standard (5½ per cent.) dividend for the latest year, have been compelled to revise their estimates. Since the Board announced, in February last, that the increase in working expenses had more than absorbed the rise in receipts (which then amounted to £313,200 for the first 32 weeks), the "C" stock has fallen as low as 101, compared with an earlier high level of 112½. Although the recent traffics trend has not been exciting, renewed investment support for the stock has carried the price to 104. The stock, therefore, is again approaching those uneasy regions where it is reasonably valued on a 4 per cent. basis and greatly undervalued if payment of the standard rate were possible within, say, the next 12 months. An interim payment of 1½ per cent. has already been made, and stockholders may expect a prompt announcement of the final dividend, since the problems arising from the acquisition of the Tilling and other interests last year have been settled.

Union Cold Storage Profits.—The accounts of this large meat trading concern show that published profits are almost unchanged at £964,049. During the past decade, total declared profits have never varied below £960,000 or above £999,000. The changes, indeed, have merely been sufficient to provide for variable amounts charged for interest, and the amounts earned for dividends have remained completely stable between £820,000 and £830,000.

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There is still no sign, from the disclosed earnings, of the anticipated reduction in profits which led the directors to seek a reduction of preference dividend rates two years ago. The profits for the last three years are analysed below:—

	Years to December 31		
	1933	1934	1935
Profit	962,172	962,124	964,049
Depreciation reserve	125,000	125,000	125,000
Fees and interest	17,112	14,619	14,494
Earned for dividends	820,060	822,505	824,555
Preference dividends	720,000	720,000	720,000
Ordinary Stock—			
Earned	100,060	102,505	104,555
Paid	100,000	100,000	100,000
Earned (%)	10.0	10.3	10.4
Paid (%)	10	10	10
Carried forward.....	203,597	206,102	210,657

A substantial rise in the value of steamships in the balance sheet is associated with the continued "deficiency" of net assets, in calculating which, however, it is necessary to make full deduction of the composite item for creditors, contingencies and other reserves as a current liability, although it may include certain "free" reserves. The bank overdraft, however, has been reduced, and the loans to subsidiary companies have increased from £623,000 to £777,000. A reduction in trade debtors and loans, from £1,514,000 to £558,000, has been effected during the year. Since interests in subsidiary companies account for more than half the balance sheet total of £17,129,596—such shareholdings again being qualified in the auditors' report—a consolidated statement showing the position of the group would undoubtedly be welcome, even though public interest in the company is restricted to the preference capital.

* * *

Zinc Corporation Profits.—This important mixed-metal undertaking, writes our mining correspondent, has experienced its most profitable year since 1926. A slightly increased tonnage of better-grade ore was milled, and the recoveries of lead and silver showed some improvement although in the case of zinc, values were not quite maintained. Profits benefited appreciably from the sale of part of the lead stocks held at December, 1934, above the book value, but the main advantage came from the recovery in metal prices. Lead last year averaged £14 5s. 8d. per ton, as against £11 1s.; zinc £14 3s. 6d., against £13 3s. 6d.; and silver 31.3d. per ounce, against 22.9d. Working costs increased from 23s. 8d. to 24s. 10d. per ton, owing partly to the expense of changing over to the new mill and partly to the higher wages which were paid from the end of October. In the following table the financial results of the past three years are presented in sterling:—

	1933	1934	1935
Gross value of output	746,810	768,860	1,042,940
Gross mining profit	63,820	85,950	292,910
Interest, dividends, etc.	69,400	64,960	90,580
Proportion of taxes, office expenses, etc.	13,000	19,690	59,490
Net profit	120,230	131,230	324,000
Fixed 20% Pref. dividends	49,140	49,140	49,140
Participating dividends	56,180	67,410	202,230
Mine development and plant	70,000	40,000	50,000
Carried forward	45,020	51,490	54,710

Last year's "sundry revenue" included a special non-recurring item of £23,100, the nature of which is not disclosed, a similar sum being transferred to profits equalisation reserve. The dividends amount to 42½ per cent. on the participating preference and 45 per cent. on the ordinary shares as against 27½ and 15 per cent. respectively for 1934, and slightly lower rates for the immediately preceding years. In 1926 the preference shares received 55 per cent. and the ordinary 70 per cent. On the basis of last year's distributions, the yield on the preference is just over 5 per cent. and on the ordinary shares slightly in excess of 7 per cent. In looking forward, account has to be taken of the trend of metal prices and of the increase in operating expenses due to higher wages and alterations

in working conditions. Freight rates for lead and zinc concentrates on the South Australian Government railways have also been increased. The accounts show a good financial position. Investments amount to £810,300, against £691,300; British and Dominion Government securities represent 89.9 per cent. of the total, compared with 51.8 per cent. at the end of 1934, the company having sold most of its commercial and industrial holdings. The ore reserve position is also satisfactory. The lead lode has been increased to 3,000,000 tons by the development of No. 13 level, and the directors state that recent diamond drilling has proved that the grade and character of the lead ore-body are maintained for at least 600 feet below this level.

* * *

Other Company Results.—Our usual table of company profits, which summarises the results of some 52 other companies, will be found on page 43. Among estate companies, the profits of *Connaught Estates* have advanced from £16,644 to £19,607, the dividend being maintained at 7 per cent. The results both of *Hampstead Garden Suburb* and *Associated London Properties* are practically unchanged, but the latter company has increased its dividend from 4½ per cent. to 6 per cent., and again makes substantial reserve allocations. Although the profits of *Greenwood and Batley* are lower by some £300, the dividend has been increased by ½ per cent. to 4½ per cent. The results of plantation companies make a very mixed showing. The most spectacular increase in profits is that of *Anglo-Ceylon and General* from £703 to £50,662, which is due mainly to improved revenue from the Mauritius tea interests. At the other end of the scale, *Manchester North Borneo* have raided the carry-forward to the extent of £1,653 to meet preference dividends, having earned a net profit of £716, against £6,250. In the catering group, *Spiers and Pond* are increasing their dividend from 3 per cent. to 5 per cent., and will distribute £53,120 out of net profits of £55,055. With the exception of *Bogawantalawa*, the tea company profits this week show large increases over last year. *Borelli and Koomsong*, for instance, have both doubled their dividends and more than doubled their profits. An increase in profits of *Amalgamated Dental* of £18,877 has enabled the directors to declare a dividend of 5 per cent. on the deferred stock, as against nil last year. *Aron Electricity Meter* maintains its dividend at 15 per cent. and carries forward £11,348 (as against £4,293 brought in) in spite of a reduction in profits from £32,999 to £30,902. *British Glues and Chemicals* re-enters the dividend list with a payment of 7½ per cent. Another satisfactory increase in profits is that of *Lovell and Christmas* from £142,244 to £148,083, the dividend being raised from 8 to 10 per cent. *Powell Duffryn Associated Collieries* report an initial profit of £721,159. After providing for debenture interest, and transferring £150,000 to reserve, a sum of £420,000 is distributed, of which Powell Duffryn Steam Coal receives £280,000 and Welsh Associated £140,000. *Broadcast Relay Services*, whose operations and capital have been substantially increased during the past year, announces net profits of £79,922 and a 10 per cent. dividend.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Gas Consolidation, Boulder Perseverance, Callender's Cable and Construction, Barclay Perkins, Globe Telegraph and Trust, John Ismay and Sons, Lobitos Oilfields, Hovis, and Ohlsson's Cape Breweries. Major Julian Day, at the Gas Consolidation meeting, compared the gas industry to the electric, and said that many of the passages of the McGowan Committee report might well apply to the gas industry. The chairman of Globe Telegraph and Trust Company referred to the repayment during the year by Cable and Wireless (Holding), Limited, of £1,608,691 in respect of the Trust's holdings in 5½ per cent. preference stock. The chairman of Barclay Perkins and Company was glad to see a general tendency towards longer opening hours on special occasions and approved the tariff on imported lager. Mr. H. C. R. Williamson, of Lobitos Oilfields,

Ltd., said that the refinery was now working just below full capacity. The chairman of Boulder Perseverance, Ltd., discussed results of recent exploration work. Mr. John Ismay, of John Ismay and Sons, Ltd., justified the company's policy of disposing of several interests in which preference share holdings are retained in order to produce a more regular revenue. The chairman of Callender's Cable and Construction Company reviewed a satisfactory year's trading, and anticipated continued good conditions. Mr. A. H. Dence, of Hovis, Ltd., reported a net profit on trading almost identical with that for the previous year. At the Ohlsson's Cape Breweries meeting, Mr. Geoffrey Dent said the company had shared in the results of greater activity in the mining industry and the upward movement in wages.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET JULY 7 | ACCOUNT JULY 9

THE somewhat unsettled sentiment in the markets and the restrained volume of business of the early part of the week were relieved slightly in mid-week, but political uncertainties in Europe and at home are likely for some time longer to prevent any great display of enthusiasm. Despite the lack of vigour, the tone in many sections has been good, and there have been several bright features.

The account closed last week in the gilt-edged market without much interest, except for a demand for short-dated issues under the influence of an anticipated lower Treasury bill rate, which in the event averaged 12s. 7.8d. per cent. The annual drawing of Victory Bonds was followed at the opening of the week by a slight improvement in quotations to 115½, while the drawn bonds were bid for at 101½. Gilt-edged prices held firm in anticipation of re-investment of the disbursements. A temporary downward movement, however, resulted in sympathy with the fall in New Zealand stocks, which fell several points on the report that the New Zealand Government is trying to obtain a reduction in interest rates on grounds criticised on page 22. In mid-week, this influence was isolated, and prices continued firm. India loans were quietly steady, and among Dominion issues interest was directed to Australian issues, without much variation in quotations.

Home corporation issues have attracted fairly consistent support throughout the week, and a number of small price increases have been registered. There have been a number of interesting developments in the foreign bond market. The reduction of the French Bank rate stimulated an improvement in French Rentes, which continued with the improvement in the franc. The report of the temporary suspension of payments by Poland on her American bonds produced a sharp drop in Poland Sevens to a nominal 50, but assurances that the debt service would be continued in London led to a recovery which in mid-week put quotations up to 64½. Far Eastern issues continued to suffer from the quarrel between Canton and Nanking, and from the Customs developments in the North, but later an improvement resulted from the reinvestment of proceeds from drawn bonds. Among South American issues Argentine bonds were firm most of the week, and Brazil "Vargas Fours" were a feature.

Home rail issues were affected by the demand of the Associated Society of Locomotive Engineers and Firemen for a six-hour day in addition to the restoration of wage cuts, and prices weakened with a small amount of selling. The half-year's traffics are discussed on page 24, the latest poor figures quenching a momentary improvement later in the week. Transport "C" were in demand throughout the week for investment, and among foreign rails Argentine issues, which were firm at the end of last week on hopes of a satisfactory trade agreement, became dull on the traffic results. Cordoba Central debentures were weak on the report that the moratorium on the 4½ per cent. stock may be continued.

Conditions in the industrial shares markets have not been particularly bright, but underlying sentiment has been fairly well maintained. In the iron and steel section profit-taking developed at the end of last week, and the new week opened with less business than of late. Price movements were slight and irregular, but activity increased in mid-week, and quotations became firmer. Aviation issues were generally firm this week, Bristol issues being particularly active, while a good demand was reported for Handley-Page. Profit-taking then developed and prices moved irregularly, only to pick up later. The motor shares group has been rather dull, but Austin and Tilling were higher this week. Good trading reports were somewhat slow in producing any effect on the markets.

The electrical equipment group has been firm throughout, Crompton Parkinson being in the lead on eager canvassing of prospects, while General Electric continued firm on the recent meeting. Cables and Wireless preference lost ground after their recent gains. The textile section showed no change of significance and dullness prevailed, while in the rayon group Courtaulds became easier after recording an improvement on the record May rayon output figures. Groats were weak on the poor report. The stores group has also been dull, and failed to respond to the good retail trade figures. Great Universal Stores were depressed by suggestions of an increase in capital. Tobacco shares were somewhat firmer, and in the brewery section Distillers gained on the final dividend, which leaves the total dividend unchanged on the year.

The miscellaneous industrials section was dull at the opening of the week, with profit-taking evident in most sections, but later several bright features appeared. In mid-week business in building materials shares became more active, improvements being recorded by British Plaster Board, Alpha Cement and by Associated Cement on reports of an extension to the works. Among miscellaneous engineering companies British Timken were a feature.

The oil share market opened quietly, with prices inclined to fall slightly on a small volume of business. On Wednesday there were signs of a slight improvement, and Mexican Eagles moved sharply upward at the end of the day, but later a setback developed which affected most shares, with the exception of Anglo-Ecuadorian. The American news was not considered very satisfactory, but did not exert any great influence. Rubber shares have been idle this week, but the confident tone of last week has not been undermined, and quotations have not suffered. The commodity price improved slightly, and the fall in world stocks gave the share market rather more confidence. Dividend announcements during the week were as anticipated, and did not affect prices. Tea shares became a little brisker on Tuesday, with buyers predominating, but there was a rapid change in the position, and prices later became more erratic.

The Kafir market opened on a quieter note, but a firm tone was maintained, and later in the week there was a renewed upward movement in many prices, with public interest well maintained. The development companies were most active, West Witwatersrand shares and Ventersposts being prominent, while there was considerable speculative support for Far Eastern Rand issues, coming both from London and the Cape. Luipaards Vlei were a strong feature on renewed rumours of absorption by one of the big groups. West African issues by contrast have been much duller, with Ashanti a principal exception, and profit-taking continued in mid-week. The Rhodesian section has been extremely idle, with prices moving mostly against holders, and, thanks to a better tone in the commodity market, there has been a general increase of interest in tin shares, with several small increases in prices.

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"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to June 28, 1936	June 25, 1936	June 26, 1936	June 29, 1936	June 30, 1936	July 1, 1936	July 2, 1936
Government and Municipal Loans	5,237	950	962	1,069	1,066	1,111	1,177
Transport, Communications, and Public Utilities	4,442	915	916	1,069	860	803	960
Commercial and Industrial	21,249	4,437	3,761	5,178	4,942	4,331	4,270
Banks, Insurance and Financial	2,768	518	564	669	560	563	628
Mines (including Nitrates)	6,745	1,340	1,288	1,600	1,228	1,264	1,362
Oils	1,069	244	209	264	224	187	180
Rubber, Tea and Coffee	1,874	392	382	332	377	303	245
Total	43,384	8,796	8,082	10,181	9,257	8,562	8,822
Corresponding day in 1935	...	10,135	9,518	10,477	8,949	8,904	9,540

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

	Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	June 25, 1936	June 26, 1936	June 29, 1936	June 30, 1936	July 1, 1936	July 2, 1936
114.5	107.4	112.7	112.5	112.1	111.9	112.0	112.0	112.0

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

	Highest of 1936 (Feb. 19)	Lowest of 1936 (June 28)	June 25, 1936	June 26, 1936	June 29, 1936	June 30, 1936	July 1, 1936	July 2, 1936
138.4	136.2	136.5	136.2	136.3	136.3	136.3	136.3	136.3

FOREIGN STOCK EXCHANGES

NEW YORK

Stock prices on Wall Street have continued their irregular display and remain more sensitive to political fears and prejudices than to business considerations. Concern for the immediate future of the steel industry is attributed to an expectation of labour trouble and of a slump in output in the third quarter when higher prices will be in force. The Government is suspected of sympathy with the labour movement, and it may oppose monopolistic policies of price-fixing, which only a little time ago were encouraged under N.R.A. Owing to these various apprehensions, steel shares have been out of favour during the week, but the industry appears to protest too much about a labour movement which itself is evidence of better conditions in the industry. The much feared report of the Securities and Exchange Commission, which favours division of function between brokers and dealers, has exerted an influence over the markets out of keeping with its moderation and the reasonableness of its economic motives. It is, of course, inevitable that the Democratic platform should be a damper on the market, for anything to which the name of Roosevelt is attached may now be expected to have that effect. This week two bright spots have been caused by anticipated reverses to the New Deal, the first in railroad shares on the decision of the District of Columbia Supreme Court that the Rail Pension Act is unconstitutional. The second was in Westinghouse Electric, which made spectacular gains in anticipation of returning prosperity for the utility industry, in spite of the Holding Company Act. The constitutionality of the latter, of course, has not yet come to the test. Chrysler shares were a strong feature, partly on expectations of forced higher dividend distribution under the new taxation Act, and partly on anticipated benefits from veterans' spending. Business reports are still encouraging. *Iron Age* estimates steel mill activity at 71.5 per cent. of capacity, against 71 per cent. last week; railroad companies report a higher gain in May operating revenues over last year than was recorded for April, while bank clearings for the week ended June 24th were 11.5 per cent. higher than a year ago.

	June 24, 1936	July 1, 1936	July 1, 1936	June 24, 1936	July 1, 1936	July 1, 1936
U.S. 2½% Treas. Bds. 1945-47	103½	103½	103½	Natl. Biscuit	35½	34½
Atchafalpa	78½	76½	76½	Phelps Dodge	35½	33½
Erie	12½	12½	12½	Pullman	47½	46½
Illinois Central	21½	21½	21½	Sears Roebuck	75½	73½
N.Y. Central	37½	36½	36½	Un. Fruit	79½	78½
Pennsylvania	32½	31½	31½	U.S. Leather	61½	60½
Southern Pacific	34½	33½	33½	U.S. Rubber	31½	28½
Southern Ry.	16½	16½	16½	U.S. Steel	64½	59½
Union Pacific	130½	127½	128½	Westinghouse	119½	123½
Am. Can.	133½	132½	132½	Woolworth	53½	52½
Amer. Smelting	81½	79½	79½	Am. Tel. and Tlg.	169½	166½
Anaconda	35½	33½	33½	Int. Tel. Tele.	15½	14½
Bethlehem Steel	54½	50½	50½	Utilities P. & L.	4½	4½
Chrysler Motor	108½	112½	111½	W. Union Tlg.	8½	8½
Corn Products Rf.	81½	79½	78½			
Eastman Kodak	171½	170½	169½			
Gen. Electric	39½	38½	38½			
Gen. Motors	67½	66½	66½	Shell Union	17½	17½
Int. Harvester	82½	86½	86½	Std. California	37½	37½
Mont. Ward	45½	43½	43½	Do., N.J.	59½	57½

† Calculated at \$5.02½ to £.

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

	1935	1936 (Jan. 1 to July 1)	Beginning of Year 1936	June 17, 1936	June 24, 1936	July 1, 1936
Lowest Mar. 20						
Highest Dec. 31						
Lowest Apr. 29						
Highest Apr. 8						
351 Industrials	74.5 (v)	112.3	112.7	127.1 (d)	121.1	121.6
33 Railroads	27.4	43.0 (w)	42.8	51.1 (b)	41.5	48.6
97 Utilities	52.2	93.6	91.2	106.2 (a)	93.6	102.5
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	106.3
Average yield of 50 Industrial Common Stocks	3.02% (v)	4.06% (b)	High 3.60% (c)	Low 2.95%	3.22%	3.47%
					3.38%	3.45%

(a) February 11th. (b) February 19th. (c) April 29th. (d) April 8th.
(e) March 13th. (f) November 13th. (g) December 4th.

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

	Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	June 24, 1936	June 25, 1936	June 26, 1936	June 27, 1936	June 29, 1936	June 30, 1936	July 1, 1936
147.6	126.2	143.5	142.0	141.4	141.6	141.0	140.4	140.6	140.6

TOTAL DEALINGS IN NEW YORK

	June 25, 1936	June 26, 1936	June 27, 1936	June 28, 1936	June 30, 1936	July 1, 1936
Stock Exchange—Shares (Thous.)	1,340	890	370	770	820	970
Bonds (Value Thous. \$)	10,760	9,570	4,010	6,630	7,660	8,280
Curb—Shares (Thous.)	274	201	93	185	248	260

* Two-hour session.

PARIS

Following the recent reductions on the Bank rate, interest has centred upon Rentes, which have recorded a number of spurts and on balance have held their gains. If the way for the issue of "baby" bonds is to be well prepared, it is felt that Rentes will not be allowed to fall back from their present levels. Though the strength of the bond market is in part due to official support, its extent is uncertain, for it is suggested that by this time the public have started to take a hand in the proceedings in the hope that the latest cheap-money policy may somehow succeed. An element of disturbance was, however, introduced by the proposal that French nationals should be compelled to declare their holdings of foreign securities bought in France. The share market this week has displayed no very marked tendency one way or the other, caught as it is between the two conflicting influences of cheap money on the one hand and of the continued insecurity of the industrial situation on the other. Although Rentes pulled other prices slightly upwards, business has not been active, and the brisk demand which developed on Tuesday was due more to technical factors than to a genuine improvement in sentiment. On account of the steadier franc, no great interest has been taken in Internationals.

	June 24, 1936	June 29, 1936	July 1, 1936	June 24, 1936	June 29, 1936	July 1, 1936
Banque de France	5,940	5,840	6,000	Wagons Lits	401	444
Crédit Lyonnais	1,287	1,302	1,340	Mexican Eagle	98½	89½
Suez Canal	19,715	19,700	19,700	"Chartered"	115	109
Chargeurs Réunis	195	219	220	Ford	36½	38
Rio Tinto	985	1,013	1,039	De Beers	654	641
Royal Dutch	28,030	27,610	27,300	"Johannes"	308	305½

BERLIN

After a dull period the market recovered somewhat at the end of last week, the chief gains being in Rheinische Stahl, Bayerische Motoren, Otavi and Hamburg-South-America. Other shipping shares continued weak. The new week opened with a good tone in evidence, although the turnover was not big. On Monday there were advances in steel, automobile and paper pulp shares, and on Tuesday a demand developed for Bayerische Motoren and Hamburg South-America, while textiles, papers and breweries reacted. By mid-week, sentiment improved, an important factor being rumours of good subscriptions for the new Reich loan, which, according to earlier reports, had been accorded a poor reception. The quotation of dollar bonds, suspended after the recent Reichsgericht decision, was resumed on Monday.

	June 24, 1936	June 29, 1936	July 1, 1936	June 24, 1936	June 29, 1936	July 1, 1936
Reichsbank	184.50	184.25	185.75	A. E. G.	35.75	35.90
D.D. Bank	93.25	92.50	93.50	Siemens and Halske	202.50	205.00
Dresdner	93.25	93.50	94.00	A. K. U.	55.50	54.90
I.G. Farbenindustrie	172.10	168.40	169.60	Hamburg-Amer.	14.60	14.75
Norddeutscher Lloyd (New)	15.75	16.50	16.25	"Hapag New"	14.60	14.75

AMSTERDAM

The bond market has been firm owing to successive reductions in the bank rate, which now stands at 3½ per cent., but in other directions cheaper money has so far proved no stimulus towards greater activity. The turnover has been poor, and price movements have been slightly reactionary. The strength shown by commodity shares has not been consistently maintained; both rubber and tobacco issues were at first at lower levels, although rubber share prices have since improved. News of increased quotas and a fall in the price of the metal brought about a set-back in tin share quotations.

	June 24, 1936	June 29, 1936	July 1, 1936	June 24, 1936	June 29, 1936	July 1, 1936
2½% Dutch Loan	72½	73½	75½	Steel Common	39	36½
5½% German	182	182	184	A. K. U.	21½	21½
Underlever N.V.	112	113	113½	Ford Motor	205½	204½
Philips Lamps	173½	172½	171½	Deli Batavia Tob.	189	184
Netherland Ship Union	47½	46½	46½	Royal Dutch	274	271½
				Handels Am	256½	257½

CAPITAL ISSUES

CONSIDERABLE activity has been witnessed in the capital market this week. Only one conversion issue has appeared, on behalf of *Associated Municipalities of Denmark*, and is discussed on page 23. The *South Durham Steel and Iron* 4 per cent. debentures are an industrial investment of a type which has been somewhat rare during recent months. The proceeds are to finance the new coke ovens at Seaton Carew and improvements to blast furnaces. The stock is well covered by recent earnings—which, of course, have shown a striking recovery since 1933—and is a reasonable heavy industrial debenture. The *Tunnel Portland Cement* 5 per cent. preference issue at 10 per cent. premium also provides for capital expenditure of an established concern. The shares rank after the existing 5½ per cent. issue, but their dividend requirements are adequately secured by recent average earnings. In this concern also a cyclical swing of earnings is naturally to be expected. *Lines Brothers* is a toy manufacturing concern, whose progress in earning power over the past 15 years has been almost uninterrupted. The offer of two-fifths of the equity in 5s. shares at 22s. 6d., is based on terms which depend upon the full maintenance of the recent high level of earnings, for the earnings yield on the issue price is no more than 5.9 per cent. The *Philco Radio and Television* mixed offer for sale shows a sharp jump in profits for the latest accounting period. In view of the fluctuating nature of past profits, the adoption of the £1 preference-2s. ordinary share capitalisation is not calculated to make for further

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stability, from the investor's point of view. The prospects for the ordinary shares, which are issued at 22s. per cent. premium, again depend upon the maintenance of the recent high level of earnings. The ordinary shares of *Foster, Yates and Thom* must be allotted a speculative rating, for it is only in recent months that satisfactory profits have been made. The commission earned by the sub-vendors appears somewhat generous, although it is largely in ordinary shares. The prospectus of the *Magnet Joinery* mixed issue resembles recent £1 preference-2s. ordinary issues, since profits, after remaining stable for two years, have shown a rapid jump in the latest year. Some similar instances were outlined on page 736 of last week's *Economist*. Seven statements have been published "for information only." Among them, particulars of the *Marks and Spencer* issue of £2,500,000 3½ per cent. debenture stock have attracted much attention in the market. The stock, which has been placed at £99½, has met a good demand, and few companies could obtain similar terms for a thirty-year stock without any sinking fund provision. Another statement on behalf of *Super Oil Seals* has been published with a view to seeking permission to deal in the 5s. shares on the Birmingham Stock Exchange. The balance-sheet total amounts to £59,965, of which goodwill accounts for £40,500, while a reserve of £49,900 appears among the liabilities.

ISSUES OF THE WEEK

January 1 to June 27, 1936, including conversions, Old Basis, £181,258,184.
January 1 to June 27, 1936, excluding conversions, Old Basis, £99,272,143.
January 1 to June 27, 1936, including conversions, New Basis, £256,818,321.
January 1 to June 27, 1936, excluding conversions, New Basis, £173,932,279.

National Savings Certificates, Net receipts ten days ended June 30, 1936, Dr. £150,000.

	Nominal Capital £	Conversions £	New Money £
To the Public			
Associated Municipalities of Denmark, £1,900,000 4% Conversion Loan, 1936, at 99½ (to repay 5% Loan, 1922)	1,900,000	1,881,000	...
Foster, Yates and Thom, 780,000 5½-ord. shares, at par	195,000	...	195,000
Lines Bros. Ltd., 200,000 5½-ord. shares, at 22½ each	50,000	...	225,000
Magnet Joinery, 70,000 6% £1 cum. pref., at par	70,000	...	70,000
Do. 200,000 2½-ord. shares, at 5½ each	20,000	...	50,000
Philco Radio and Television Corporation of Great Britain, 250,000 6% red. cum. £1 pref. shares, at 21½ each	250,000	...	262,500
Do. 175,200 4½-ord. shares, at 6½ each	17,500	...	61,250
South Durham Steel and Iron Co., £750,000 4% mort. deb. stock, at par	750,000	...	750,000
Tunnel Portland Cement Co., 500,000 5% "A" cum £1 pref. shares, at 22½ each	500,000	...	550,000
Total	3,752,500	1,881,000	2,163,750

	Nominal Capital £	Conversions £	New Money £
To Shareholders only			
Bridgewater and District Electric, 15,531 7% £1 cum. pref. shares, at 27½ each	15,531	...	20,863
Gold Exploration and Finance Co. of Australia, £500,000 Non-Interest Notes red. in six years at 130	500,000	...	500,000
Green (J. W.), £300,000 3½% deb. stock, at par (to repay £186,000 4% deb. stock, at 110%)	500,000	204,600	295,400
Kassala Cotton, £224,300 4½% deb. (to repay 6% deb., at par)	224,300	...	224,300
Kepong (Malay) Rubber, 622,052 2½-ord. shares, at par	62,205	...	62,205
Simonds (H. & G.) 180,000 new ord. £1 at 50½ each	180,000	...	450,000
Total	1,482,036	428,900	1,328,468

	Nominal Capital £	Conversions £	New Money £
By Stock Exchange Introduction (at opening price)			
Anglo-American Asphalt, 300,000 5½-ord. shares, at 20½ each	75,000	...	300,000
Wagon repairs, 500,000 5% cum. pref. £1, at 21½	500,000	...	531,250
Watford Electric Manufacturing, 450,000 2½-Ord. at 2½ offered at 3½	56,250	...	67,500
Do. 80,000 6% 10½ cum. pref. at 10½	40,000	...	41,500
Total	671,250	...	940,250

	Including Conversions	Excluding Conversions	Total Offered for Subscription—Including Conversions	Excluding Conversions
By Permission to Deal				
During week ended June 27, 1936	446,027	...	1,977,206	...
Total Capital raised—				
January 1 to date—				
1936 (New Basis)	265,375,145	180,191,953	Whole year (Old Basis)	£
1936 (Old Basis)	186,910,302	102,614,361	1935	548,351,393
1935 (New Basis)	243,607,112	146,405,481	1934	410,980,300
1935 (Old Basis)	170,082,888	69,112,346	1933	467,921,500
January 1 to date—				
1934	272,487,065	105,048,248	1932	2,899,684,265
1933	187,571,699	111,601,465	1928	683,100,056
1928	...	259,282,485		369,058,073

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

(Continued on page 32)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935				Prices, Year 1936 Jan. 1 to July 1, inclusive				Prices, Year 1936 Jan. 1 to July 1, inclusive				Prices, Year 1936 Jan. 1 to July 1, inclusive				Prices, Year 1936 Jan. 1 to July 1, inclusive				Prices, Year 1936 Jan. 1 to July 1, inclusive			
High		Low		High		Low		High		Low		High		Low		High		Low		High		Low	
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Nature of Borrowing (Excluding Conversions)				
	Debtures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis).....	66,148,097	22,372,004	91,673,852	180,191,953
1936 (Old Basis).....	56,568,024	10,592,932	35,458,405	102,619,361
1935 (New Basis).....	48,412,559	29,991,333	68,001,589	146,405,481
1935 (Old Basis).....	31,050,908	20,459,917	17,601,621	69,112,346
Whole year—(Old Basis)—				
1928.....	212,917,900	45,062,600	111,177,600	369,158,100
1933.....	222,064,300	12,733,700	9,982,500	244,780,500
1934.....	102,769,300	21,461,000	44,878,400	169,108,700
1935.....	187,185,509	31,696,741	37,265,387	256,147,637

* Including securities for which "permission to deal" was given in twenty-seven weeks ended July 6, 1935.

PUBLIC OFFER

Cornercroft, Ltd.—Issue of 120,000 6 per cent. cumulative 10s. preference shares at par and 120,000 4s. ordinary shares at 5s. 9d. Acquires motor accessory business founded 1919. Profits, after depreciation, years to March 31: 1934, £18,673; 1935, £22,869; 1936, £17,480. Net assets, £76,747 (including £16,200 for repayment of bank loan, etc.) acquired for £78,000 (goodwill £17,453), payable £30,100 cash and £47,900 in 239,500 4s. ordinary shares.

Foster, Yates and Thom, Ltd.—Issue of 780,000 5s. ordinary shares at par. Acquires from London General Industrial Development, Ltd., general engineering business of Joseph Foster and Company, Ltd., including the goodwill of Yates and Thom. Profits, after depreciation: 9 months to March 31, 1933, Dr. £16,423; years to March 31: 1934, Dr. £12,246; 1935, Dr. £17,258; October 3, 1935, to March 14, 1936, £11,465. Assets, £208,606. Purchase price to vendors, £198,000, payable by £153,000 cash and by £45,000 in 180,000 5s. ordinary shares. Price paid by vendors to Receiver, £125,000 cash. Former pay £12,000 towards preliminary expenses. Issue underwritten at 4 per cent. commission by London Industrial Finance Trust, Ltd., who place issue for £4,200 fee. Lists closed at 9.5 a.m. June 30th.

Tunnel Portland Cement Company, Ltd.—Issue of 500,000 5 per cent. "A" cumulative £1 preference shares at 22s., ranking next after 200,000 5½ per cent. cumulative £1 preference shares. Incorporated 1911; proceeds of issue to develop new manufacturing unit. Net assets, £2,110,977. Profits, after depreciation: 1933, £156,569; 1934, £192,684; 1935, £288,425. List closed 9.5 a.m., July 1st. Oversubscribed.

South Durham Steel and Iron Company, Ltd.—Issue of £750,000 4 per cent. mortgage debenture stock at par. Secured mainly by first charge on property, etc., not charged as security for £300,000 existing stock, and by second and floating charges. Redeemable at par April 1, 1932, or between 1941-70 at various prices. Holding and operating company founded 1898, makes plates, steel pipes, etc. Proceeds of issue for new coke ovens, etc. Total assets charged, including proceeds of issue, £3,076,799. Combined profits, after depreciation, years ending in: 1933, £121,632; 1934, £114,588; 1935, £67,017. List closed 9.5 a.m., July 1st. Oversubscribed.

BY OFFER FOR SALE

Philco Radio and Television Corporation of Great Britain, Ltd.—Offer for sale of 250,000 6 per cent. redeemable cumulative £1 preference shares at 21s. and 175,000 2s. ordinary shares at 6s. 6d. Acquires radio manufacturing business founded 1931 by Philadelphia Storage Battery Company of U.S.A. Profits, after depreciation: September 7, 1931, to June 30, 1933, £15,767; years to June 30: 1934, £10,192; 1935, £26,777; 6 months to December 31, 1935, £57,561. Net assets, £114,737 (stock, £107,530), purchased (together with accrued profits £20,000) for £170,000 (£35,623 goodwill), payable by £70,100 cash and by 999,000 2s. ordinary shares. List closed 9.15 a.m., July 1st. Oversubscribed.

Lines Bros., Ltd.—Offer for sale of 200,000 5s. ordinary shares at 22s. 6d. Toy and baby carriage, etc., manufacturing business, incorporated 1919; controls Hamley Bros. and other companies. Profits, after depreciation, years to June 30: 1933, £44,435; 1934, £61,689; 1935, £61,774. Net assets, £510,237. Erlangers, Ltd., acquire issue for 21s. per share plus expenses, and subscribe £100,000 4½ per cent. debenture stock, redeemable 1969, at £99 per cent. Lists closed 9.5 a.m. July 2nd.

Associated Municipalities of Denmark 4 per cent. Conversion Loan of 1936.—Offer for sale of £1,900,000 4 per cent. sterling registered bonds at 99; to redeem or convert 5 per cent. loan of 1922. Bonds are joint and several liability of 24 municipalities. Redeemable at par from July 1, 1937, by drawings or from 1947 on three months' notice. Total debt, £5,984,296; revenue from owned property, £1,380,769; revenue from rates and taxes, £1,354,329; population, 333,860. Cash lists closed 9.5 a.m. July 2nd. Conversion lists will close July 8th.

Magnet Joinery, Ltd.—Offer for sale of 70,000 6 per cent. cumulative £1 preference shares at par and 200,000 2s. ordinary shares at 5s. Acquires wood-working business founded 1919. Profits, after depreciation, years to February 28: 1934, £11,497;

1935, £10,045; 1936, £22,824. Assets, £92,441, purchased for £104,990 (goodwill £12,549), payable by 55,000 £1 preference shares and 499,900 ordinary shares. Electric and General Industrial Trusts, Ltd., acquire preference shares at par, and ordinary shares at 2s. 3d., plus expenses.

BY STOCK EXCHANGE INTRODUCTION

Ductile Steels, Ltd.—Issued capital 300,000 5s. ordinary shares and 50,000 6 per cent. cumulative fixed £1 preference shares. Acquires hot and cold rolled steel manufacturing and steel stockists' businesses. Net assets £55,000, acquired for £75,000 (goodwill £20,000), payable by 300,000 5s. ordinary shares. Statement sets out recent profits of constituent businesses, Ductile Steels, Starkey and Hawker and Henderson and Parry.

Wattford Electric and Manufacturing Company, Ltd.—Issued capital 450,000 2s. ordinary shares and 80,000 6 per cent. cumulative 10s. preference shares. Acquires an automatic electric control and switchgear manufacturing business founded 1908. Net assets £66,277, acquired for £75,500, including goodwill £9,223, payable by £48,500 cash and £27,000 in 270,000 2s. ordinary shares. Profits, after depreciation, years: 1933, £6,831; 1934, £12,795; 1935, £15,824.

Super Oil Seals, Ltd.—Issued capital 200,000 5s. shares. Formed 1932 to make "Super Oil Seals" used in motor-cars machinery, etc. Total assets December 31, 1935, £59,965 (goodwill £40,500). Profits, after all expenses, but before managing director's remuneration and fees, eighteen months to December 31, 1933, Dr. £584; years: 1934, £8,549; 1935, £16,480. Five months to May 31, 1936, £11,130.

Oceana Laundry, Ltd.—Issued capital 500,000 2s. ordinary shares and 100,000 6 per cent. cumulative 10s. preference shares. Incorporated 1907 to acquire Oceana Laundry founded 1900. Total assets, £104,439. Profits, after depreciation, years to April 30th: 1934, £9,475; 1935, £9,151; 1936 (53 weeks), £9,418. G. Coutts Deacon acquire 237,500 ordinary shares at 2s. 1½d. per share.

Placer Development, Ltd.—Capital, 700,000 \$1 shares. Formed in British Columbia in 1926 to investigate placer and other mining properties. Rowe Swann and Company and Morton Brothers subscribe for 85,030 shares at 80s. less 7½d. commission; proceeds to repay bank loan. Profits, after writing off properties, years to April 30th: 1934, \$108,261; 1935, \$226,604. Total assets, April 30, 1935, \$12,195,225 (investment in Bulolo Gold Dredging, Ltd., of New Guinea, \$10,296,499).

Marks and Spencer, Ltd.—Particulars of issue of £2,500,000 3½ per cent. first mortgage debenture stock ranking *pari passu* with existing debenture stock; to repay advances and provide further capital. Secured by specific charge on properties, subject to specific mortgages, £77,375. Redeemable at par June 30, 1966. Prudential Assurance Company purchased issue at 98 per cent.

British Thermostat Company, Ltd.—Capital 552,000 5s. ordinary shares and 48,000 5s. founders shares. Manufactures thermostatic control equipment. Incorporated 1928. Total assets, January 31, 1936, £122,707. Profits (including dividends from subsidiary), after depreciation, years to January 31: 1934, £5,231; 1935, £10,466; 1936, £23,181.

BY TENDER

Great Grimsby Gas Company.—Messrs. A. and W. Richards offer by tender £40,000 4 per cent. debenture stock at £102 minimum, yielding at that price (allowing for redemption at par July 31, 1966) £3 17s. 7d. per cent. Revenue for 1935, £22,811. Accumulated funds, December 31, 1935, £56,014. Area of supply 60 square miles; population about 80,000. Proceeds for repayment of temporary loans and extensions of mains.

The Farnham Gas and Electricity Company.—Offer for sale by tender of 2,500 £10 additional ordinary shares at minimum price of issue £15 10s. per share. Tenders must be delivered at the company's office by 5 p.m. on July 8, 1936.

ISSUES TO SHAREHOLDERS ONLY

Bridgwater and District Electric.—15,531 7 per cent. cumulative preference shares £1 have been provisionally allotted to preference shareholders registered on June 22nd at 27s. per share.

Kepong (Malay) Rubber Estates.—622,052 shares 2s. were offered to shareholders registered on June 5th at par. One new share for every ten shares held.

Gold Exploration and Finance Company of Australia, Ltd.—Issue of £500,000 registered convertible notes, non-interest bearing, redeemable in six years at 130 per cent. The company reserves the right to give three months' notice of repayment at 110 after two years, and thereafter may redeem on notice subject to 2½ addition to the premium for each extra six months of currency. The notes are convertible into shares at par on the basis of 200 shares for each £100 face value of notes.

CONVERSIONS AND REPAYMENTS

Helsingfors 4½ Per Cent. Loan, 1909.—The City of Helsingfors 4½ per cent. loan, 1909, of which £750,340 is outstanding, will be redeemed at par plus accrued interest on January 1, 1937. The bonds will be paid in London in sterling. Holders will be given the option to retain their bonds at a reduced interest rate of 4 per cent. per annum.

Denmark 5 Per Cent. Loan.—All the outstanding bonds of the Associated Municipalities of Denmark 5 per cent. loan of 1922 will be redeemed at par on January 1, 1937.

£3,366,300 Victory Bond Drawing.—The aggregate capital value of the bonds drawn on June 22nd which will be repaid at par on September 1, 1936, is £3,366,300.

R. M. and E. D. Realisation.—Repayment of another £1,300,000 of the R. M. and E. D. Realisation companies' debenture stocks is announced. On August 1st next, R. M. Realisation is repaying 45 per cent. of the 5 per cent. debenture stock, and the E. D. Company the remaining 40 per cent. of its 5 per cent. debentures.

FORTHCOMING ISSUES

Craven Brothers (Manchester), Ltd.—Aircraft Industries Corporation, Ltd., have been allotted for cash the whole of the unissued share capital of Craven Brothers (Manchester), Ltd. The corporation have also acquired 163,791 ordinary shares of £1 each, their total holding now amounting to over 250,000 ordinary shares. It is anticipated that in due course an issue will be made, but no decision has yet been made as to the form this will take.

Newman and Watson.—An issue of ordinary and preference shares is expected next week.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, June 24, 1936	Price, July 1, 1936
Alders (Tamworth) Ord. 2/-	2/6	2/6	...	2/3-2/6
Do. 6% Pref. 10/-	10/-	5/-	...	3d. dis-par
Alpine (Barborton) Gold 5/-	5/-	5/-	3/9-4/3	3/9-4/3
Anglo-American Asphalt 5/-	...	...	20/-20/6	...
Australia 2½% Deb. 43/-	99	20	½ dis-½ pm	½ dis-½ pm
Brooklands (Weybridge) Ord. 5/-	6/-	3/-	1/3-9d. dis	1/3-9d. dis
6% Pref. 10/-	10/-	5/-	...	...
4½d. Debts.	100	20	...	1½d-4½d. pm
Cornercroft Ord. 4/- £100	5/9	3/9	...	4½d-1½d. dis
Do. 6% Pref. 10/-	10/-	5/-	...	...
Java Investment 3½% Debts.	...	...	...	5/3-5/6
Quirk Barton & Co. Ord. 4/-	100	10	par-½ pm	1-2 pm
Sena Sugar 5½% Debts.	6/3	6/3	6/-6/6	6/6-7/-
Steel Barrel Scamless 5/-	20/-	20/-	19/3-19/9	19/4-19/10½
Do. 5½% Pref. 1/-	20/-	5/-	3/3-3/6 pm	2/6-3/- pm
Southern Areas Electric Ord. 20/-	21/-	5/-	6/7-7/1½	7/7-8/1½
Stylo Boot 5/-	...	...	20/1½-20/7½	20/-20/6
Thompson (J.) Engineering 5/-	...	...	6/-6/3	5/9-6/-
Titanium Ord. 2/-	4/3	4/3	4/1½-4/4½	4/7½-4/10½
Vokes 2/-	...	...	6/10½-7/1½	8/0-8/6
Williamson Manufacturing 4/-	5/6	5/6	...	...

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

			Gross Receipts, week ended June 28, 1936 (£'000)				Aggregate Gross Receipts 1936 compared with 1935 (26 weeks)			
			Passenger	Merchandise	Coal and Fuel	Total	Passenger	Merchandise	Coal and Fuel	Total
(b) Week ended June 26, 1936.	Miles Open									
(c) Week ended June 27, 1936.										
Great Western	1936 3,746	228 194	90 284	512	4,720	4,856	2,651	7,507	12,227	
Western	1935 3,748	244 186	91 277	521	4,713	4,654	2,597	7,251	11,964	
(c) L. & N.	1936 6,332	373 317	197 514	892	7,414	8,334	6,114	14,448	21,862	
Eastern	1935 6,336	386 328	201 529	915	7,402	8,062	5,864	13,926	21,326	
L. M. & S.	1936 6,917	610 478	195 673	1,283	11,378	12,274	6,408	18,682	30,061	
Scottish	1935 6,925	655 456	186 642	1,297	11,361	11,600	6,163	17,763	29,124	
southern	1936 2,154	359 69	28 97	456	7,145	1,586	838	2,424	9,569	
	1935 2,171	363 76	33 109	472	7,110	1,582	792	2,374	9,494	
Total	1936 19,149	1,575 1,058	510 1,568	3,143	30,658	27,050	16,011	43,061	73,719	
	1935 19,814	1,648 1,046	511 1,557	3,205	30,586	25,898	15,416	41,314	71,900	
(b) Belfast	1936 80	3-6	...	...	0-6	4-4	53-6	...	14-2	67-8
& Co. Down	1935 80	3-5	...	...	0-5	4-0	54-2	...	12-8	67-0
Great Northern	1936 543	11-6	...	...	8-4	20-0	222-7	...	242-2	464-9
Northern	1935 543	11-3	...	...	8-2	19-5	216-2	...	231-2	447-4
(b) Great Southern	1936 2,076	42-7	...	...	35-4	78-1	769-5	...	1,025-3	1,794-7
Southern	1935 2,124	38-3	...	...	34-9	72-2	757-1	...	969-9	1,727-0

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935 (000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year, 1934:				
Gross increase or decrease.....	+ 199	+ 592	+ 324	+ 180
First half-year 1936, compared with first half-year, 1935:				
26 weeks to June 28, 1936.....	+ 263	+ 937	+ 534	+ 85
Weekly average first half 1936 compared with 1935.....	+ 10½	+ 36½	+ 20½	+ 3½
Latest week 1936 compared with 1935.....	- 9	- 14	- 23	- 16

LONDON TRANSPORT

Week ending June 27, 1936.....	*Takings	Compared with corresponding period of last year
Aggregate 52 weeks ending June 27, 1936.....	£576,800	+ 6,900
	£28,477,300	+ 380,400

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

Note.—The receipts for 1936 include receipts of bus undertakings not absorbed by London Transport in the corresponding period of the previous year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available. The receipts for the week are comparable without adjustment.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1936	+ or -	1936	+ or -
INDIAN							
		1936		Rs.	Rs.	Rs.	Rs.
Assam Bengal	10	June 10	1,330	14,71,200	+ 63,887	31,59,600	+ 1,13,556
Bansi Lt. Ry.	9	May 31	292	146,400	- 8,300	2,93,700	- 28,400
Bengal & N.Western	10	June 10	2,112	15,30,136	- 59,798	76,06,190	- 94,504
Bengal-Nagpur	9	May 31	3,268	122,50,000	- 1,35,457	1,68,45,000	- 10,46,622
Bombay Bar. & C.I.	12	June 20	3,072	32,15,000	+ 1,28,000	2,83,92,000	+ 21,49,000
Madras & S. Mahr.	10	June 10	3,229	20,90,000	+ 6,005	1,57,40,000	+ 2,73,668
Rohilk'd & Kumaon	10	June 10	561	11,93,649	- 873	16,89,431	- 1,72,087
South Indian	10	June 10	2,532	15,95,770	+ 45,425	1,07,25,244	+ 2,37,965

CANADIAN							
Canadian National.	24	June 21	23,617	\$ 3,432,702	+ 65,915	\$ 80,875,702	+ 4,984,109
Canadian Pacific....	24	June 21	17,237	2,493,000	+ 120,000	58,443,000	+ 5,103,000

SOUTH AMERICAN							
Antofagasta (Chill and Bolivia).....	26	1936 June 28	834	{ 15,640 144,300 *38,458	+ 2,280 11,700 640	\$ 351,610 7,053,800 14,385	+ 30,210 352,900 2,900
Argentine N.E.	52	27	783	{ 1,007,000 \$59,027	- 653,700 38,620	74,430,000 5,472,423	+ 3,115,000 189,871
B.A. and Pacific	51	20	2,806	{ \$100,500 1,879,000	- 28,400 24,000	5,442,700 113,570,000	+ 216,900 11,827,000
B.A. Central.....	52	27	5,084	{ \$17,141 711,000	+ 1,500 77,000	6,871,573 33,000,000	+ 682,155 33,000,000
B.A. Western	52	27	1,930	{ \$41,676 22,072,450	+ 4,382 68,700	2,344,148 103,817,150	+ 20,239 4,534,200
Central Argentine....	52	27	3,700	{ \$121,480 10,339	+ 4,470 742	6,098,642 567,839	+ 246,855 113,108
Central Uruguayan	51	20	273	{ 311 7,285	+ 339 130	106,649 7,754	+ 1,257 7,754
C. Urg. (East Ext.) ..	51	20	311	{ 2,585 1,365	+ 342 300	75,829 14,280	+ 1,257 14,280
C. Urg. (N. Ext.)....	51	20	211	{ 7724 2602,000	+ 139 18,000	30,442 24,898,000	+ 1,257 199,000
Cordoba Central....	52	27	1,218	{ \$36,290 119,300	+ 940 10,300	1,462,620 9,516,700	+ 6,290 1,184,200
Entre Rio	52	27	810	{ 111,682 154,500	+ 564 43,000	559,042 25,600	+ 68,003 1,300
G. Westn. of Brazil ..	52	27	1,082	{ 17,139 Ms. 316,000	+ 992 14,000	436,591 8,689,000	+ 3,858 1,139,000
Leopoldina.....	26	27	1,918	{ 17,139 Ms. 316,000	+ 992 14,000	436,591 8,689,000	+ 3,858 1,139,000
Leopoldina Termal. Nitrate	6†	30	401	{ \$5,858 \$3,106,000	+ 449 122,100	69,560 117,498,000	+ 2,953 53,913,000
Paraguay Central....	52	27	274	{ \$3,106,000 Col. 14,200	+ 122,100 1,850	117,498,000 984,936	+ 53,913,000 77,196
Paraguay.....	52	27	100	{ \$3,106,000 Ms. 316,000	+ 122,100 14,000	117,498,000 8,689,000	+ 53,913,000 1,139,000
San Paulo	25	21	1531	{ \$29,870 16,372	+ 2,304 2,304	124,522 124,522	+ 21,783 21,783
United of Havana .	52	27	1,353	{ 16,372 16,372	+ 2,304 2,304	124,522 124,522	+ 21,783 21,783

CAPITAL INCREASE APPROVED

The report and accounts were unanimously agreed to, and the dividend of 17½ per cent. less tax was approved.

BARCLAY, PERKINS AND COMPANY, LIMITED

IMPROVED RESULTS—DIVIDEND OF 8 PER CENT.

The forty-first ordinary general meeting of this company was held, on the 29th ultimo, at Southern House, London, E.C. Lieut.-Colonel Robert Wyvill Barclay (the chairman) presided).

The Chairman, in moving the adoption of the report and accounts, said the profit for the year amounted to £349,562, as compared with £335,606 in the previous year. The board recommended a dividend of 5½ per cent., less tax, on the ordinary shares, making a total of 8 per cent. for the year.

Continuing, he said: The Jubilee celebrations came in the year under review, and, naturally, brought increased trade, but without the ill-effects anticipated by those who are opposed to longer opening hours of public-houses. I am glad to see there is a general tendency towards extending the hours of opening for special occasions, and that in London there is a great deal more uniformity than there used to be.

Beer once again appeared in the Chancellor of the Exchequer's Budget speech last April, but this time not with the intention of making the British brewer pay more. We are all very grateful for this fact, seeing that the beer duty still remains approximately ten times higher than in pre-war days.

The new Customs duty of £1 per bulk barrel on non-Empire beers is not really such a big thing as it sounds at first. It attracted a certain amount of attention during the debate on the Budget, and I agree with Colonel Gretton, who pointed out that some members were trying to make a mountain out of a molehill. At the same time, we, as brewers of lager beer, do greatly appreciate this action of the Government in supporting a British industry, but it is too soon as yet to judge what result this new Customs duty will have on the imports of foreign lager beer.

Last year I referred to your board's policy of maintaining a high standard in our public houses. This is still our policy as it has been for a great number of years, and you realise the responsibility we have in the upkeep of our licensed properties. Some of them are not as young as they used to be and require modernising or rebuilding over a period of years. This work is continuing. All this work is expensive, but has to be done in order to keep up the standard of our public houses, and necessitates the conserving of our cash.

It may be of interest to state that this company have for some time past been experimenting with the making of British barley into lager malt. This has now got beyond the experimental stage, and I can assure you that the Barclay's lager you drink in this country is made from a large proportion of British malt. The proportion of British malt has gradually been rising each year as our maltsters have mastered the making of lager malt from British barley, which requires a different process than for making malt for the top fermentation beers.

I can assure barley growers that the brewing industry has loyally fulfilled the "gentlemen's agreement" of 1933 between the Chancellor of the Exchequer and the Brewers' Society and has used the maximum quantity of home-grown malting barley. We shall continue to do so.

The report and accounts were unanimously agreed to.

OFFER TO NEW READERS

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

To The Publisher, "The Economist Newspaper Ltd.,"

8 Bouverie Street, E.C.4.

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

Name.....

Address.....

.....

JOHN ISMAY AND SONS, LIMITED

NEW DAYLIGHT LAMP

The third ordinary general meeting of John Ismay and Sons, Limited, was held, on the 26th ultimo, at Sterling Works, High Road, Dagenham.

Mr John Ismay (chairman and managing director) said: Gentlemen, in going through the balance sheet there are one or two items that have arisen from our change of policy. Since Ismay Industries acquired the bulk of our ordinary shares and we became a subsidiary to them, it has not been necessary for us to finance the various electrical projects—refrigerators, vacuum cleaners, etc.—which we had in hand previously. The preference shareholders are now the ones who are mostly interested in our policy, and by taking shares, preference where possible, for our interests, while this will not give us the opportunity of securing such a big return, we shall probably obtain a more regular revenue, and I am quite satisfied that our interests in those companies are quite worth the figure at which they appear in the balance sheet.

In pursuance of that policy we sold our part of the property at Dagenham and accepted preference shares in the company to which we sold it. We are now interested principally in our main business of lamp manufacturing at Ilford. The profits from this line have been rather satisfactory as, although mantles have been rather disappointing and have shown a decrease, this decrease has been more than offset by the sales of lamps, which have shown a big expansion. Although we increased our productive capacity at Ilford during the past year, we find that we shall have to do so again this year, and plans for the new buildings are already in hand.

Our export trade in lamps shows very satisfactory growth, and I am confident that our export sales this year will total close on 1,000,000 lamps. Competition gets keener, but any reduction in profits from this cause will, I think, be more than made up by our increased turnover and economies in working, and I see no reason why the current year should not show at least as good results.

Our new daylight lamp has aroused great interest, and, while it is an expensive lamp, the light is so similar to daylight that people do not object to the cost.

The report and accounts were unanimously adopted.

HOVIS, LIMITED

DIVIDEND AND BONUS MAINTAINED

The thirty-eighth ordinary general meeting of Hovis, Limited, was held, on the 1st instant, in London, Mr A. H. Dence (the chairman) presiding.

The chairman, in moving the adoption of the report and accounts, said: The net profit on trading is almost identical with that of the previous year. The balance carried to balance sheet is some £7,000 more than last year. This is accounted for in two ways. We are recommending a dividend and bonus similar to that for the previous year.

It is, of course, obvious to all from these figures that financially the company stands in a very strong position, and our reserve fund at £450,000 is a very satisfactory and comforting figure.

Now, as to general comment. In the first place, I am pleased to say that more and more people are recognising the advantages of Hovis as a prime necessity of life; thus our sales have again shown an increase, and in respect to those sales, if you will turn your attention to the inset in the report, you will see there a significant picture, and that is the delivery of Hovis to S.S. Queen Mary, the most up-to-date and modern ship of this country, which has been the admiration of the whole world. The Cunard Company are regular users of Hovis, and it is particularly pleasing to the directors to think that our product should be associated with this latest beautiful ship. Hovis has stood the test of time, and it is still up to date. And why? Because we keep ourselves up to date, our plant, machinery and our mills. Our country mill at Haverhill, for instance, has recently been entirely rebuilt, and is now being fitted throughout with new plant and machinery. At our last annual meeting I reported that we had opened an advertising depot at Exeter. This depot is now fully equipped with proper machinery and is able to handle all our West of England work.

I believe that we are the only milling company in this country perhaps, possibly in the world, that has a physiological laboratory controlled by eminent consultants. In our cattle and poultry feeding stuffs, the turnover shows a gratifying increase to our trade.

The report was unanimously adopted, and the dividend of 15 per cent. and bonus of 5 per cent. approved.

LOBITOS OILFIELDS, LIMITED

PROGRESS AT THE REFINERY

The twenty-eighth ordinary general meeting of Lobitos Oilfields, Limited, was held, on the 30th ultimo, in London.

Mr H. C. R. Williamson (the chairman) said that the refinery was now working at just below full capacity. A new development was the production of transformer oil, satisfactory arrangements for the distribution of which had been made. They estimated that for the current six months there would be a small loss on the refinery working and for the ensuing six months a small profit. Thenceforth, and provided there was no unusual fall in the price of petroleum products compared with the price of crude oil, the refinery should earn a reasonable profit on the crude supplied to it as compared with selling that crude to the world market. Another important factor was that the power to refine completely their oils on a commercial scale enabled them to make true commercial evaluations of the four different crude oils produced by their Peruvian subsidiary and the two crudes produced by their Anglo-Ecuadorian friends and so to demonstrate to potential customers in what respects their crude oils were superior to many others for the type of refining for which they required the oil. The net operating income of their tankers was up by £10,000, and after providing depreciation there was a loss of £18,600, or some £15,800 less than for the previous year. Tanker freights had shown some improvement and the position looked more healthy. Profits from the purchase and sale of crude oil suffered a diminution of £30,000, but this would, it was hoped, be more than offset through the Peruvian company getting into a position to resume the payment of dividends. Dividends and interest were up by nearly £11,000, increased distributions having been received from the International Petroleum Company, Andian Corporation, and Anglo-Ecuadorian Oilfields.

To pay the proposed dividend of 7½ per cent. an inroad into the amount brought forward had been made, but the board felt that it was perfectly right to do so on this occasion, as from that it was fairly well known of the current year's prospects they were fairly confident of being able to pay a dividend next year at least equal to the one now recommended and were not without hope of increasing it.

The report was unanimously adopted.

GLOBE TELEGRAPH AND TRUST COMPANY, LIMITED

INCREASED DIVIDEND

The sixty-third ordinary general meeting of this company was held, on the 30th ultimo, in London.

The Right Hon. the Earl of Midleton, K.P. (the chairman), said that the receipts for the past year amounted to £208,214, against £207,087 in the preceding year. They recommended a final dividend of 4s. 6d. per share net (compared with 3s. 6d. in the previous year) on the ordinary shares, making 4½ per cent. the previous year, and would carry forward £121,769, as compared net for the year, and would carry forward £116,644 in the preceding year. Under present circumstances, too, they would feel justified in paying interim dividends on the ordinary shares of 1 per cent. instead of ½ per cent. on each of the quarterly dates of the year on which they were now entering.

The year under review had been rendered exceptional by the repayment of £1,608,691 by Cable and Wireless (Holding), Limited, in respect of that amount of the trust's holding in 5½ per cent. preference stock. The repayment had had an advantageous effect on the company in two ways. First, it had improved the security of their large preference holding by decreasing the capital on which dividend and arrears were payable, and, secondly, it was a considerable step in the direction of spreading the risks of their shareholders rather more widely. It was gratifying to find that the response by outside shareholders to the offer of Cable and Wireless was so good and that they had been able to pay the full 5½ per cent. dividend for this year on the stock as reduced. The trust had not reaped the full advantage in the present accounts of the exchange.

The year under review had been a difficult one for investors, as the Governments and companies were still taking advantage of the cheapness of money to retire or replace their higher-interest-bearing securities. Another disturbing factor was increasing taxation.

In view of the new investments which were not purchased in time to give them a full yield in the year under review they had felt justified in making the additions to the interim dividends on the ordinary shares.

The report was unanimously adopted.

OHLSSON'S CAPE BREWERIES, LIMITED

INCREASED SALES

The forty-seventh ordinary general meeting of Ohlsson's Cape Breweries, Limited, was held, on the 2nd instant, in London.

Mr Geoffrey Dent presided in the unavoidable absence of the chairman of the company, Mr W. D. Buxton, and read the speech prepared by the latter, in which he stated that the accounts reflected the continued improvement in trading conditions referred to last year. Throughout the period under review there had been a steady increase month by month in the sales of their products, the result of which was shown in an increase in the profit on trading and rentals for the year amounting to £31,344. The various branches of their business had each contributed to that satisfactory increase, and, so far as the present financial year had gone, the progress had been fully maintained.

The Dominion of South Africa had continued upon its course of prosperity, the prime factor being the activity in the mining industry. The immediate results had been a diminution of unemployment, an upward movement in the remuneration of labour and an expansion of general trade, in which this company had shared. There was every indication that the present prosperity of the Dominion would continue, and the board of directors were fully alive to the prospects which were opening up of further outlets for the sale of the company's products.

They were proposing to maintain the dividend on the ordinary shares at 10 per cent., but to supplement it with a cash bonus of 2½ per cent., making a total distribution of 12½ per cent. for the year. The fact that Dominion income tax relief operated in reducing the amount of British income tax was material to the calculation of the yield upon the shares, so that for the year under review the dividend and bonus of 12½ per cent. was equivalent to a return of approximately 14 per cent. where the standard rate of income tax had to be borne.

They had again made a large transfer to reserve for contingencies, which would enable them to continue their policy of extending and improving the company's properties, thereby increasing their value as revenue-producing assets. They had written off an amount of £44,950, which included expenditure upon alterations, additions and permanent improvements to various licensed and other properties. That would leave a balance to the credit of that reserve to be carried forward to next year of £65,394.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the ten days ended June 30, 1936, amounted to £10,213,000, against ordinary expenditure of £16,557,000. After allowing for a decrease in Exchequer Balances of £199,533, the operations for the week, as shown below, increased the gross National Debt by £6,370,000 to approximately £7,982 millions.*

(000's omitted)

Public Department Advances	+ 31,720	Treasury Bills	— 27,472
P.O. & Teleg. Capital expenditure + 2,550		National Savings Certificates	— 150
		British Shipping (Assistance)	— 278
			— 27,900

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

A complete analysis of the approximate position of the National Debt at June 30, 1936, appears below.

NATIONAL DEBT—(Million £)

	Aug. 1, 1914	Dec. 31, 1919	Dec. 31, 1924	Mar. 31, 1925†	June 30, 1925†	Sept. 30, 1925†	Dec. 31, 1925†	Mar. 31, 1926†	June 30, 1926†
2½% and 2½% Consols	573	300	300	300	300	300	300	300	300
Term Annuities	30	20	12	12	12	12	12	12	12
4% Consolidated Loan	...	...	401	401	401	401	401	401	401
3½% Conversion Loan	...	...	742	740	740	740	740	740	740
Other Funded Debt	15	15	14	14	14	14	14	14	14
4½% Conversion Loan	...	...	375	375	375	375	375	375	375
5% Conversion Loan	...	...	323	323	323	323	323	323	323
3% Conversion Loan	...	...	302	302	302	302	302	302	302
2½% Conversion Loan	...	...	204	204	204	204	204	204	204
3½% War Stock	...	63	...	...	...	...	...	...	...
4½% War Stock, 1932	...	1,918	1,914	1,914	1,914	1,914	1,914	1,911	1,911
4½% War Stock	...	19	...	...	...	...	...	...	...
5% War Stock	...	2,047	...	...	...	...	...	...	...
National War Bonds	...	1,509	...	...	...	...	...	...	...
4% Funding Loan	...	409	384	...	...	...	...	...	...
3% Funding Loan	...	...	149	149	149	149	149	149	149
2½% Funding Loan	...	...	...	...	...	...	...	...	...
4% Victory Bonds	...	360	204	204	204	204	204	204	204
Treasury Bonds	...	...	288	224	224	224	224	172	172
Exchequer Bonds	20	323	...	...	...	...	...	...	...
National Savings Certs.	...	267	395	397	398	398	395	398	395
Other Debt*	...	1,306	1,038	1,038	1,038	1,038	1,038	1,038	1,038
American Loan (Anglo-French)	...	51	...	...	...	...	...	...	...
Treasury Bills	15	1,107	900	779	877	899	866	763	723
Temporary Advances	1	243	79	34	25	...	...	...	...
	654	8,033	7,936	7,801	7,859	7,864	7,922	7,807	7,881
Other Capital Liabilities	57	46	208	102	102	102	102	102	101
Total Liabilities	711	8,079	8,144	7,903	7,961	7,966	8,024	7,909	7,982

* Includes debt to American Government.
† Subject to Revision, owing to Sinking Fund Allocations.

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to June 30, 1935	April 1, 1936, to June 30, 1936	8 days ended June 30, 1935	10 days ended June 30, 1936
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	14,890,000	10,595,000	2,779,000	417,000
Sur-tax	4,070,000	4,160,000	170,000	60,000
Estate, etc., Duties	23,500,000	20,850,000	1,680,000	3,200,000
Stamps	3,270,000	3,890,000	400,000	940,000
Excess Profits Duty and Corporation Profits Tax	110,000	90,000	10,000	10,000
Land Tax and Mineral Rights Duty	110,000	90,000	10,000	10,000
Total Inland Revenue	45,840,000	39,585,000	5,039,000	4,717,000
Customs and Excise—				
Customs	47,628,000	49,820,000	4,057,000	5,047,000
Excise	26,100,000	25,100,000	600,000	900,000
Total Customs and Excise	73,728,000	74,920,000	4,657,000	5,947,000
Motor Vehicle Duties (Exchequer Share)	682,000	770,000	...	...
Post Office (Net Receipt)	4,200,000	3,850,000	Dr 200,000	Dr 450,000
Crown Lands	280,000	290,000	30,000	40,000
Receipts from Sundry Loans	262,772	389,380	...	...
Miscellaneous Receipts	4,385,193	1,756,276	2,671	59,329
Total Ordinary Revenue	129,355,965	121,540,656	9,228,671	10,213,329
SELF-BALANCING REVENUE				
Post Office	13,800,000	14,700,000	1,550,000	1,550,000
Motor Vehicle Duties apportioned to Road Fund	3,637,000	3,850,000	...	100,000
Total Self-balancing Revenue	17,437,000	18,550,000	1,550,000	1,650,000
Total	146,792,965	140,090,656	11,078,671	11,863,329

EXPENDITURE	Total Issues out of the Exchequer to meet Payments			
	April 1, 1935, to June 30, 1935	April 1, 1936, to June 30, 1936	8 days ended June 30, 1935	10 days ended June 30, 1936
ORDINARY EXPENDITURE				
Interest and Management of National Debt	74,356,704	73,379,372	1,849,605	1,678,846
Payments to Northern Ireland Exchequer	1,151,964	1,241,985	230,393	248,465
Other Consolidated Fund Services	950,060	693,965	577,625	56,457
Post Office Fund	...	...	...	...
Total	76,458,728	75,314,422	2,657,623	1,983,768
Total Supply Services (excluding Post Office)	109,112,000	118,391,000	11,773,000	14,573,500
Total Ordinary Expenditure	185,570,728	193,705,422	14,430,623	16,557,268
SELF-BALANCING EXPENDITURE				
Post Office	13,800,000	14,700,000	1,550,000	1,550,000
Road Fund	3,637,000	3,850,000	...	100,000
Total Self-balancing Expenditure	17,437,000	18,550,000	1,550,000	1,650,000
Total	203,007,728	212,255,422	15,980,623	18,207,268

The aggregate revenue from April 1 to June 30, 1936, is shown below:—

FINANCIAL YEAR, 1936-37, APRIL 1, 1936 TO JUNE 30, 1936			
(000's omitted)			
Expenditure	193,705	Revenue	121,541
		Decrease in balances	349
		Gross borrowing	73,233
		Less	
		New Sinking Fund*	1,418
		Net borrowing	71,815
	193,705		193,705

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1936 by borrowing.

POSITION OF THE FLOATING DEBT			
Movement ten days ended			
Ways and Means Advances Outstanding—	June 30, '35	Mar. 31, '36	June 30, '36
Advances by Bank of England	8,500,000	26,750,000	26,750,000
Advances by Public Departments	17,400,000	19,055,000	35,240,000
Treasury Bills outstanding	877,155,000	763,115,000	765,265,000
Total Floating Debt	903,055,000	782,170,000	827,255,000

* Includes £220,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER				
Tenders for £50,000,000 Treasury bills were opened on June 26, 1936, and the total amount applied for was £67,555,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 16s. 9d., about 70 per cent. and above in full; Saturday, at £99 16s. 10d., and above in full. The average rate per cent. was 12s. 7-80d. The amount allotted was £50,000,000. The following table shows the weekly record at various dates:—				
Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	76,260,000	30,000,000	11-5
April 6	40,000,000	80,390,000	38,000,000	17 9-01
July 6	35,000,000	62,745,000	32,000,000	16 4-14
October 5, 1935	35,000,000	65,260,000	31,510,000	15 9-702
January 4, 1936	30,000,000	49,590,000	27,500,000	16 1-64
April 5	40,000,000	76,095,000	40,000,000	10 2-83
July 5	40,000,000	60,905,000	40,000,000	12 4-32
October 4, 1936	45,000,000	71,245,000	44,000,000	12 8-05
January 3, 1937	35,000,000	68,075,000	35,000,000	10 10-72
April 3	40,000,000	76,280,000	40,000,000	10 2-78
June 12	50,000,000	72,775,000	50,000,000	18 1-04
June 19	50,000,000	84,185,000	50,000,000	17 0-83
June 26	50,000,000	67,555,000	50,000,000	12 7-80

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended June 6, 1936	577,338	£433,003
Week ended June 13, 1936	618,442	£463,831
February, 1916, to June 13, 1936	1,262,336,340	£93,180,093

At the end of March, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,448,511.

The OCEAN
Accident & Guarantee Corporation, Limited
Head Office: 36-44 Moorgate, London, E.C.

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, July 1, 1936

ISSUE DEPARTMENT

Notes Issued:—		Government Debt:—	
In Circulation	439,641,851	Other Government Securities	248,127,219
In Banking Department	41,469,734	Other Securities	96,052
		Silver Coin	761,829
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	221,111,585
	481,111,585		481,111,585

BANKING DEPARTMENT

Proprietors' Capital:—		Government Securities:—	
Rest	14,553,000	Other Securities:—	110,403,310
Public Deposits*	3,441,272	Discounts and Advances	£10,625,707
Other Deposits:—	9,908,953	Securities	£15,920,145
Bankers	£111,707,232	Notes	26,545,852
Other Accounts	£39,765,961	Gold and Silver Coin	41,469,734
	151,473,193		958,522
	179,377,418		179,377,418

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

Both Departments		Amount, July 1, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation		439,641,851	+ 4,852,726	+ 38,270,880
Public deposits		9,909,953	+ 10,136,818	+ 280,623
Bankers' deposits		111,707,232	+ 20,885,069	+ 1,194,255
Other deposits		39,765,961	+ 2,392,419	+ 1,787,782
Total outside liabilities		601,024,997	+ 17,993,396	+ 41,533,520
Capital and rest		17,994,272	+ 51,252	+ 11,750
Government debt and securities		389,545,629	+ 10,802,997	+ 13,401,875
Discounts and advances		10,625,707	+ 2,884,864	+ 2,882,123
Other securities		16,016,197	+ 334,576	+ 3,210,288
Silver coin in issue department		761,829	+ 2,997	+ 1,034,452
Coin and bullion (bank's reserves)		222,070,107	+ 4,794,380	+ 28,806,182
Reserves of notes and coin in banking department		42,428,256	+ 58,366	+ 9,464,698
Proportion of reserve to outside liabilities—				
(a) Banking Department only ("proportion")		26-3%	- 2-3%	- 6-5%
(b) Gold stocks to deposits and notes ("reserve ratio")		37-0%	- 0-2%	+ 2-5%

Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	
1936						
June 10	468,497	433,004	13,481	86,500	37,084	1,215 in
" 17	471,859	432,020	13,950	90,996	37,360	3,361 in
July 4	478,326	434,789	20,047	90,822	37,374	4,467 in
July 1	481,112	439,642	9,910	111,707	39,766	4,798 in

Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis- counts & Advances	Other Securities	
1936							
June 10	258,998	239	209,401	36%	97,768	6,166	14,571
" 17	258,179	57	212,802	37%	98,278	4,810	16,332
July 4	258,139	96	217,276	37%	99,603	7,641	18,455
July 1	258,142	96	222,070	38%	110,403	10,826	15,920

BANKERS' CLEARING RETURNS

LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to June 17	15,307,413	939,031	1,620,613	17,867,057
Week ended June 24	629,194	34,659	59,413	723,266
Week ended July 1	939,907	39,616	61,608	1,041,131
Total to date, 1936	16,876,514	1,013,306	1,741,634	19,631,454
Total to date, 1935	16,836,989	960,244	1,612,871	19,410,104
Increase or decrease in 1936	+ 39,525	+ 53,062	+ 128,763	+ 221,350
	= 0-2%	= 5-5%	= 8-0%	= 1-1%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5-5%	= 7-2%	= 8-1%	= 5-8%

PROVINCIAL
(000's omitted).

No. of working days:	Week ended June 27		Month of June		Inc. or Dec.	Aggregate Totals January 1 to June 27	
	1935	1936	1935	1936		1935	1936
BIRMINGHAM	2,599	2,251	10,644	9,988	- 6-1	60,600	65,034
BRADFORD	931	988	3,288	3,592	+ 9-2	22,564	25,283
BRISTOL	1,261	1,250	4,636	4,905	+ 5-8	30,023	32,146
DUBLIN	5,509	4,579	2,365	3,221	+ 12-4	139,643	147,430
LONDON	666	571	2,365	3,221	+ 12-4	18,630	20,795
LEEDS	883	922	3,414	3,455	+ 1-2	23,086	23,755
LIVERPOOL	589	619	2,583	2,802	+ 8-4	17,014	18,686
MANCHESTER	5,058	5,163	21,131	23,279	+ 10-1	148,063	152,441
NEWCASTLE	10,172	9,585	37,864	39,719	+ 4-8	252,105	254,978
NOTTINGHAM	1,529	1,021	5,806	5,336	- 8-0	35,244	32,714
SHEFFIELD	521	392	1,924	1,808	- 6-0	12,018	12,857
	854	885	3,450	4,119	+ 19-3	21,666	24,872
	30,572	28,426	97,605	102,224	+ 4-7	780,656	810,991

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the *Economist* for November 9. Denmark, International Settlements, in June 19. Portugal, Latvia, Estonia in June 20. Danzig, Egypt, Lithuania, Sweden, Turkey, Czechoslovakia, Finland, Hungary, Federal Reserve Reporting Member, Yugoslavia, Austria in June 27.

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

U.S.F.R. BANKS	July 4, 1935	June 10, 1936	June 18, 1936	June 25, 1936	July 2, 1936
Resources					
Gold Certificates on hand and due from the Treasury	6,228,220	7,939,040	7,938,540	7,958,040	8,106,540
Total reserves	6,465,280	8,247,870	8,227,330	8,243,250	8,385,730
Total cash reserves	216,170	285,570	276,270	272,840	266,240
Total bills discounted	4,870	5,400	6,540	6,190	4,220
Total bills bought in open market	13,060	8,480	9,620	9,270	7,300
Total bills on hand	27,900	30,060	30,080	29,940	

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

Assets	July 1, 1935	June 2, 1936	June 8, 1936	June 15, 1936	June 22, 1936	June 29, 1936
Gold	658,029	640,228	598,487	588,823	588,920	594,200
Silver	22,074	19,338	20,016	20,678	21,372	21,231
Home bills discounted	34,972	43,545	50,172	48,710	46,688	45,941
Loans and advances in current account	182,964	139,062	136,566	132,678	132,732	144,090
LIABILITIES						
Notes in circulation	855,121	789,470	766,323	752,323	742,591	767,067
Deposits	66,320	76,199	61,605	61,577	72,029	61,538

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

Assets	June 29, 1935	May 30, 1936	June 6, 1936	June 13, 1936	June 20, 1936	June 27, 1936
Gold and silver	123,530	108,590	109,180	108,250	108,450	107,530
Discounts, advances and other investments	77,960	72,770	74,310	76,920	72,500	72,180
Foreign bills	2,660	1,160	1,240	1,080	1,860	1,810
Other assets	12,560	9,750	10,200	10,460	10,200	10,340
LIABILITIES						
Notes in circulation	172,330	178,760	161,580	161,510	157,270	156,330
Deposits and bills payable	32,560	22,440	21,020	22,770	23,300	23,070

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

Assets	June 22, 1935	May 23, 1936	June 6, 1936	June 13, 1936	June 20, 1936	June 27, 1936
Gold	1,163,873	1,506,879	1,483,508	1,425,791	1,405,883	1,404,106
Of which held abroad	55,956	287,106	255,928	198,216	173,287	171,530
Discounts	146,944	74,128	87,472	77,851	78,063	79,024
Bills of the Confederation	58,929	60,010	58,660	58,060	58,800	58,800
Advances	99,474	62,788	63,633	67,544	66,568	68,332
Securities	60,431	46,821	46,499	46,099	45,899	45,899
LIABILITIES						
Notes in circulation	1,235,009	1,250,299	1,302,008	1,265,511	1,241,607	1,234,633
Deposits	265,578	431,599	372,470	343,691	342,491	354,946

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

Assets	June 22, 1935	May 30, 1936	June 6, 1936	June 13, 1936	June 20, 1936	June 27, 1936
Coin and bullion (gold reserve)	118,831	118,866	118,866	118,866	118,866	118,866
Balance abroad and foreign bills	60,855	71,804	72,309	66,913	67,088	67,088
Funds provisionally placed in gold, not included in the gold reserve	28,323	66,287	66,287	76,248	76,248	76,248
Norwegian and foreign governments securities	34,594	40,712	41,094	41,151	40,676	40,676
Discounts and loans	205,950	189,601	180,913	191,103	185,951	185,951
LIABILITIES						
Notes in circulation	322,948	365,791	359,059	363,528	365,009	365,009
Deposits at sight	70,169	83,056	87,515	93,093	86,332	86,332

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

Assets	June 22, 1935	May 30, 1936	June 6, 1936	June 13, 1936	June 20, 1936	June 27, 1936
Gold	2,269,496	2,227,637	2,202,492	2,202,298	2,202,302	2,202,302
Silver	704,120	667,170	668,535	668,535	668,535	668,535
Discounts	1,000,049	1,090,005	1,135,985	1,067,046	1,087,758	1,084,258
Loans	1,314,887	1,550,672	1,554,507	1,602,183	1,617,819	1,585,677
Treasury bills	77,415	75,998	75,998	75,998	75,998	75,998
Securities	38,768	43,114	45,426	46,766	46,823	47,120
LIABILITIES						
Notes in circulation	4,524,093	5,428,304	5,424,071	5,515,572	5,468,601	5,395,940
Deposits	922,904	1,097,056	1,096,581	1,102,113	1,144,578	1,134,344

CENTRAL BANK OF ARGENTINA.—In paper pesos (000,000's omitted).

Assets	Mar. 31, 1935	Apr. 15, 1936	Apr. 30, 1936	May 15, 1936	May 31, 1936	June 15, 1936
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign exchange	121	115	111	113	121	118
Non-interest bearing Government Bonds	119	119	119	119	119	119
Treasury Bonds	400	400	400	400	400	399
LIABILITIES						
Notes	998	1,011	1,021	1,020	1,018	1,025
Government deposits	191	186	190	173	181	181
Bankers' deposits	447	532	451	406	338	320
Certificates against Treasury Bonds	213	128	188	250	325	345
Ratio of gold and foreign exchange to note and sight liabilities	81.6%	76.9%	79.7%	82.9%	86.6%	88.2%

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted).

Assets	June 8, 1935	May 16, 1936	May 23, 1936	May 30, 1936	June 6, 1936	June 13, 1936
Gold and gold exchange	10,623,409	10,991,345	11,001,357	11,004,671	11,015,518	11,015,518
Commercial bills	4,870,624	5,307,388	5,302,283	5,237,630	5,222,809	5,222,809
Agric. and urban advances	2,771,769	2,449,441	2,446,396	2,445,258	2,441,613	2,441,613
Treasury bills issued against losses on credits	4,375,746	5,552,527	5,553,729	5,544,033	5,554,731	5,554,731
State debt advances to Treasury	5,654,992	5,638,745	5,638,745	5,638,745	5,638,745	5,638,745
LIABILITIES						
Notes in circulation	21,125,149	22,368,279	22,141,813	21,982,845	22,093,951	22,093,951
Other sight liabilities	8,620,715	8,382,767	8,621,171	8,779,697	8,663,139	8,663,139
Long-term liabilities	3,060,751	4,498,838	4,506,898	4,503,348	4,503,378	4,503,378

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

Assets	June 15, 1935	May 23, 1936	May 30, 1936	June 6, 1936	June 13, 1936	June 20, 1936
Gold and silver holdings	1,582,875	1,606,955	1,606,955	1,606,955	1,606,955	1,606,955
Balances abroad and foreign currencies	373,961	484,012	488,899	510,018	455,215	455,215
Discounts and advances	807,938	1,374,177	1,385,098	1,388,962	1,388,962	1,388,962
Advances to the Treasury	2,697,819	2,671,279	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES						
Reserves	1,259,570	1,246,894	1,246,894	1,246,894	1,246,894	1,246,894
Bank notes in circulation	2,098,227	2,180,815	2,246,503	2,229,512	2,188,381	2,188,381
Sight liabilities	2,248,784	2,272,471	2,180,711	2,224,013	2,269,187	2,269,187
Deposits	129,067	142,760	123,777	123,777	123,777	123,777

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

Assets	June 15, 1935	May 23, 1936	May 30, 1936	June 6, 1936	June 13, 1936	June 20, 1936
Gold and gold exchange	3,555,454	3,288,091	3,260,706	3,193,344	3,127,755	3,127,755
State Gold Bonds	575,035	566,697	566,697	566,697	566,697	566,697
Bills discounted	274,276	278,430	281,778	284,177	283,445	283,445
Advances	2,294,168	4,766,598	4,848,061	4,968,004	5,255,983	5,255,983
State Debt	2,714,111	3,605,111	3,605,111	3,605,111	3,605,111	3,605,111
LIABILITIES						
Notes in circulation	5,281,260	5,580,098	5,640,777	5,681,087	5,632,586	5,632,586
Deposits and current accounts	3,782,280	6,088,128	6,085,992	6,179,925	6,484,942	6,484,942
Foreign exchange liabilities	99,707	261,796	271,200	239,091	207,917	207,917

BANK OF POLAND.—In zloty (000's omitted).

Assets	June 20, 1935	May 20, 1936	May 31, 1936	June 10, 1936	June 20, 1936	June 30, 1936
Gold	510,077	381,590	374,504	374,838	370,101	370,101
Foreign exchange and bills	13,416	6,895	6,533	5,579	11,240	11,240
Bills discounted	632,510	656,653	659,389	653,776	642,412	642,412
Loans against securities	44,926	106,644	134,413	118,254	114,171	114,171
Treasury bonds discounted	47,530	54,085	57,308	49,834	46,790	46,790
Securities	41,452	91,339	91,394	91,538	108,724	108,724
LIABILITIES						
Notes in circulation	918,482	1,000,752	1,061,112	1,017,273	983,797	983,797
Sight liabilities	220,823	175,234	123,118	153,094	184,744	184,744

BANK OF JAPAN.—In yen (000's omitted).

Assets	June 8, 1935	May 16, 1936	May 23, 1936	May 30, 1936	June 6, 1936	June 13, 1936
Gold coin and bullion	478,789	517,985	518,387	519,936	520,394	520,394
Other coin and bullion	44,764	54,918	57,756	59,311	61,358	61,358
Discounts	564,772	544,314	544,605	565,836	536,667	536,667
Advances	111,720	171,714	171,705	174,500	174,807	174,807
Advances on foreign bills	30,000	29,481	36,455	108,173	29,989	29,989
Government bonds	457,471	550,449	544,087	562,027	512,989	512,989
LIABILITIES						
Notes	1,142,517	1,189,938	1,234,246	1,371,255	1,257,165	1,257,165
Government deposits	259,706	445,967	437,468	357,557	326,774	326,774
Other deposits	104,888	54,255	51,710	66,641	65,020	65,020

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	June 25, 1935	June 26, 1935	June 27, 1935	June 29, 1935	June 30, 1935	July 1, 1936	July 2, 1936
Bank rate (changed from 2½% June 30, 1935).....	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous weeks—

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1936	%	%	%	%	%	%	%
June 4	1½	1½	1½	1½	1½	1½	1½
" 11	1½	1½	1½	1½	1½	1½	1½
" 18	1½	1½	1½	1½	1½	1½	1½
" 25	1½	1½	1½	1½	1½	1½	1½
July 2	1½	1½	1½	1½	1½	1½	1½

LONDON RATES OF EXCHANGE
I.—Spot Rates (Range of the day's business)

London on	Par of Exch.	June 26, 1936	June 27, 1936	June 29, 1936	June 30, 1936	July 1, 1936	July 2, 1936
New York, \$	14.88	5-014-02	5-014-02	5-023-03	5-014-02	5-014-02	5-024-03
Montreal, \$	4.86	5-024-03	5-03-04	5-03-04	5-022-04	5-022-03	5-034-04
Paris, Fr.	124.21	75 78-76	75 71	75 71	75 71	75 71	75 71
Brussels, Bel.	55.00	29-68-76	29-71-75	29-71-76	29-68-75	29-65-72	29-68-76
Milan, L.	92.46	63 1	63 1	63 1	63 1	63 1	63 1
Zurich, Fr.....	25.22	63-82	63-82	63-82	63-79	63-79	63-79
Athens, Dr.....	189.23	15-37-42	15-34-37	15-34-37	15-32-36	15-31-34	15-32-34
Helsinki, Mk....	378.23	53 3	53 2	53 0	52 9	52 9	52 7
Madrid, Pt.....	25.22	226 1-227	226 1-227	226 1-227	226 1-227	226 1-227	226 1-227
Lisbon, Esc.....	110	109 1-108	109 1-108	109 1-108	109 1-108	109 1-108	109 1-108
Amst'dm, Fl....	12-107	7-38-40	7-37-38	7-37-39	7-36-38	7-35-38	7-36-38
Berlin, Mk.....	20.43	12-44-48	12-41-45	12-43-47	12-43-47	12-41-45	12-43-47
Registered		45-50	45-50	45-50	45-50	45-50	45-50

%	%	THE LONDON, E
10	5	consideration of an

NATURE OF BORROWING

Old Basis	NATURE OF BORROWING			Total
	Debentures, Bonds, etc.	Preference Stocks and Shares	Ordinary Stocks and Shares	
Year 1932	£ 170,172,800	£ 12,773,800	£ 5,963,400	188,910,000
" 1933	222,064,300	12,733,700	9,982,500	244,780,500
" 1934	102,769,300	21,461,000	44,878,400	169,108,700
" 1935	167,185,500	31,696,700	37,265,400	236,147,600
1st quarter, 1935	10,746,400	7,948,700	8,651,200	27,346,300
2nd quarter, 1935	10,373,400	11,930,800	6,649,700	37,953,900
1st quarter, 1936	45,355,700	4,376,700	12,147,400	61,879,800
2nd quarter, 1936	10,311,900	5,312,900	21,767,500	37,392,300

New Basis				
1st quarter, 1935	22,375,400	14,409,300	37,919,500	74,704,200
2nd quarter, 1935	24,063,000	14,979,600	26,950,800	65,993,400
1st quarter, 1936	48,960,400	10,676,200	35,101,500	94,738,100
2nd quarter, 1936	16,213,400	10,456,300	52,524,500	79,194,200

The following are the principal issues during the past half year.

Month of Issue	Name and Description	Nominal Amount	Issue Price	Price, June 30, 1936
1936	ISSUES BY PROSPECTUSES	£		
Jan.	Railway Finance Corporation, 24% Deb.	27,000,000	97	97½
Feb.	Central Electricity Board, 3½% Stk., 1974-94	3,500,000	par	97½
Feb.	Belgium (Kingdom of) 4% Bonds	8,600,000(b)	98½	96½
Feb.	Coal Lines, 6% Cum. Pref. 1	1,800,000(b)	22½	22½
Mar.	Colvilles, Ltd., Ord. 1	3,100,000	29-	31½
Apl.	New Zealand Govt., 3% Ins. Stk., 1952-55	4,000,000(b)	98½	97½
June	Australia, 2½% Reg. Stk., 1941-43	16,551,402(b)	99	99½
May	Sheffield Corporation, 3%, 1958-58	2,500,000	99	99½
May	County of London Electric, 3½% Deb., 1952-72	2,500,000	par	100½

	ISSUES BY STOCK EXCHANGE INTRODUCTION		
Jan.	O.K. Bazaars "B" Ord. 5/-	1,587,500(d)	52/3(d) 48/-
Feb.	Revo. Electric Ord. 10/-	1,400,000(d)	40/- (d) 36/3
June	Anglo-American Investment, 4½% Deb.	1,496,250	99½(d) 99½

	BY PERMISSION TO DEAL			
Jan.	†Crompton Parkinson, 1,032,738 "A" Ord. 5/-	3,240,213(d)	62/9(d)	80/-
Feb.	Camell Laird, 825,000 New Ord. 5/-	376,408(d)	9/1½	11/-
June	†Marks and Spencer New "A" Ord. 5/-	600,891	83/9(d)	88/-
April	†Tilling (Thomas) New Ord. £1	2,093,117	63/6(d)	70/-
June	Elder Dempster Holdings Ord. Shares £1	1,855,350	23/3	23/-

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash			Dividend for Whole Years	
	* Interim div.		† Final div.	Latest Year	Previous Year
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year		
BANKS					
Alexanders Discount	18*	...	Same	%	%
Martins Bank	7%*	...	Same	...	...
National Discount " A "	2/6p.s.*	...	Same	...	...
Do. " B "	4/6p.s.*	...	Same	...	...
Union Discount	7½*	...	Same	...	...
INSURANCE					
Manufacturers Life Insurance of Canada	5%	July 1	...	...	...
TEA AND RUBBER					
Anglo Ceylon and General Estates	5%†	...	Nil†	%	%
Anglo-Dutch Plantations of Java	2%†	...	Same	7½	Nil
Assam Doora's Tea	15%†	July 14	Same	25	25
Attaree Khat Tea	...	July 13	...	6	21
Bidor Rubber	...	Aug. 1	...	7½	10
Borjan Tea	8%†	July 13	...	12	5
Central Johore Rubber	...	July 24	First	5	Nil
Craigielea Rubber	...	July 28	...	5	5
Dhamai Tea	15%†	...	...	20	17½
Dhendal Tea	10%†	July 13	...	15	10
Jingri Tea	6%†	July 14	Nil†	10	Nil
Kinta Kelor Rubber	...	...	...	5	4
Moabund Tea	...	July 9	...	6	Nil
Port Dickson-Lukut Rubber	...	July 30	...	4	5
Zeloni Tea	...	...	...	5	Nil

MINING					
Angola Diamond	3d. p.s.†	...	Same	1/3 p.s.	1/3 p.s.
Kamunting Tin	8% [†]	July 24	Same	...	...
Kinta Kellie Tin	5% [†]	July 30	4% [†]	10	6 [†]
Kramat Pulai	25% [†]	Aug. 14	Same	...	...
Mount Coodon Gold	1/- p.s.	Aug. 14	Same	...	...
North Kalguri (1912)	25% [†]	Aug. 18	37 $\frac{1}{2}$ % [†]	62 $\frac{1}{2}$	62 $\frac{1}{2}$
Pangana River Tin	6 $\frac{1}{2}$ % [*]	July 30	Same	...	...
Taqah and Abosso Mines	37 $\frac{1}{2}$ % [†]	July 30	Same	50	50
OTHER COMPANIES					
Agricultural Credit Corporation					
"A"	21% [*]	Aug. 1	Same	...	...
American Trust	2% [†]	...	Associated	...	...
Associated London Properties	2% [†]	...	3% [†]	8	4 $\frac{1}{2}$
Associated Paper Mills	21% [†]	Aug. 1	Same	...	...
Bennis Combustion	5% [†]	July 31	...	10	...
Booths Distilleries	5% [†]	...	...	7 $\frac{1}{2}$	7 $\frac{1}{2}$
British Glues and Chemicals :—					
8% Pref.	4%	July 31	...	...	...
Participating	1%	July 31	...	...	...
Ord.	...	July 31	...	7 $\frac{1}{2}$	Nil
Burberrys (Pat.)	2 $\frac{1}{2}$ % [†]	Aug. 1	...	...	...
Chadburn's Ship Telegraph	...	July 18	...	4	Nil
Christy Brothers and Co.	...	July 14	Same	10	10
Connaught Estates	31% [†]	...	7	7	...
Desford Coal (15/-)	8d. p.s.†	...	6d. p.s.*	20	20
Distillers Co.	12 $\frac{1}{2}$ % [†]	...	Same	...	...

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben-ture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia-tion, etc.	Balance Forward	Net Profit	Divi-dend
					Prefce.	Ordinary					
						Amount	Amount				
Financial Land, etc.		£	£	£	£		%	£	£	£	%
Associated London Proper-ties.....	June 24	6,339	59,413	65,752	23,557	18,436	6	15,932	7,827	59,611	44
Atlas Electric and General	Mar. 31	15,449	165,199	180,648	163,438	...	...	...	17,210	153,627	Nil
Australian Agricultural Co.	Dec. 31	2,744	Dr. 4,815	Dr. 2,071	...	16,000	3†	Dr. 19,000	929	31,444	3†
Beira Works	Mar. 31	49,294	79,584	128,878	...	25,000	10d.p.s.	80,000	23,878	49,501	Nil
Connaught Estates.....	Mar. 31	2,172	19,607	21,779	8,988	8,143	7	2,000	2,648	16,644	7
Hampstead Garden Suburb Trust	Mar. 31	3,586	5,520	9,106	...	5,500	5	...	3,606	5,236	7½(d)
(Investment Corp. of Canada	Apr. 30	31,657	7,255	38,912	5,231	...	...	...	33,680	8,034	Nil
Murrayfield Real Estate ...	May 31	3,092	1,240	4,332	...	1,144	5	...	3,188	1,115	5
Tati Co.	Feb. 29	11,470	5,518	16,988	...	3,836	2½	...	13,152	Dr. 2,159	Nil
Wool Exchange and General Investments.....	Mar. 25	6,039	37,932	43,971	18,802	8,000	4	8,000	9,169	19,279	4
Gas											
Montevideo Gas &c.	Dec. 31	67,792	34,375	102,167	...	20,250	3†	2,500	79,417	54,604	3†
Iron, Coal and Steel											
Greenwood and Batley	Mar. 31	19,843	37,085	56,928	7,028	15,678	4½	12,000	22,222	36,795	4
Oil											
Phoenix Oil Products	Dec. 31	9,066	54,714	63,780	48,000	...	...	...	15,780	53,224	Nil
Rubber											
Alluta	Mar. 31	Dr. 1,527	Dr. 537	Dr. 2,064	...	...	...	...	Dr. 2,064	Dr. 375	Nil
Anglo-Ceylon and General...	Mar. 31	25,284	50,662	75,946	...	45,000	7½	...	30,946	703	Nil
Caledonian (Selangor) ...	Mar. 31	11,220	4,510	15,730	...	3,493	6	...	12,337	5,368	7
Gordon (Malaya)	Dec. 31	10,390	6,355	16,745	2,925	5,140	2	Dr. 1,000	9,680	12,049	4
Kerala Calicut	Feb. 29	Dr. 1,602	9,806	8,204	...	4,766	1d.p.s.	2,497	941	1,290	Nil
Manchester North Borneo...	Mar. 31	4,365	716	5,081	2,169	...	...	...	2,912	6,250	Nil
Nirmala (Java)	Dec. 31	Dr. 45,330	Dr. 2,375	Dr. 47,705	...	...	...	...	Dr. 47,705	(e)	(e)
Selangor United	Mar. 31	10,779	5,738	16,517	...	4,500	5	1,000	11,017	9,528	7½
Travancore	Dec. 31	6,993	8,465	15,458	...	4,904	8	1,750	8,804	7,366	9
Ulu Caledonian	Mar. 31	Dr. 2,970	Dr. 1,548	Dr. 4,518	...	...	...	...	Dr. 4,518	Dr. 2,970	Nil
Shops and Stores											
Spicers and Pond.....	Mar. 31	11,636	55,055	66,691	32,342	20,778	5	1,000	12,571	49,337	3
Tea											
Bogawantalawa	Mar. 31	1,866	17,444	19,310	5,467	8,422	8	3,000	2,421	27,487	13
Bordubi	Dec. 31	10,921	15,887	26,808	...	13,500	15	795	12,513	10,245	10
Borelli	Dec. 31	5,689	17,851	23,540	384	15,634	20	2,000	5,822	8,154	10
British Indian	Dec. 31	19,946	14,745	34,691	825	10,644	12½	2,500	20,722	10,488	10
Budla Beta	Dec. 31	4,544	24,683	29,227	...	21,000	7	5,000	3,227	12,130	4
Jhanzie	Dec										

(a) Four years' dividend. (b) Deferred Stock. (c) Preferred Ordinary Stock. (d) Absorbed £5,500. (e) No comparable figure.
† Free of Income Tax.

REPORTS AND NOTICES

BANKS

MARTIN'S BANK, LTD.—A new branch of Martins Bank has been opened at 208 Kensington High Street, London, W.8, where a night life has been installed. This branch is under the management of Mr. E. C. Shaw.

INSURANCE

CLERICAL, MEDICAL, AND GENERAL LIFE ASSURANCE SOCIETY.—The following official changes are announced: Mr B. Smither, at present agency manager, has been appointed secretary; Mr N. L. arey, F.I.A., at present assistant secretary, has been appointed joint secretary; Mr G. F. Llewellyn, F.I.A., has been appointed assistant actuary; Mr E. F. Phillips has been appointed assistant secretary.

MISCELLANEOUS

OHLESON'S CAPE BREWERIES.—Profit on trading and rentals to March 31, 1936, was £210,556 as against £179,212, plus £96 transfer fees and £65,307 brought forward, making £275,959 against £232,360. After deducting the usual charges, First and Second Preference dividend, interim of 3 per cent. on the Ordinary, providing for depreciation and transferring £55,000 against £35,000 to contingencies, there is a balance of £122,047. It is proposed to pay a final dividend of 7 per cent. (same) and a bonus of 2½ per cent. (nil) on the Ordinary, making 12½ per cent. as compared with 10 per cent., carrying forward £72,172.

THE GUARANTEE SOCIETY, LTD.—Mr F. H. Sherwell, manager and secretary of the Guarantee Society, Ltd., is retiring at the end of July, after fifty years' service, and is to be appointed to a seat on the board. Mr Sherwell will be succeeded by Mr E. H. Labbett, at present assistant secretary.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

FOLLOWING the short-lived improvement noted a week ago, quietude has again settled down upon the principal commodity markets. Although no general tendency was apparent, the prices of a number of commodities registered a setback during the past week. Thus, wheat lost part of its recent rise, although no significant change took place in the underlying market factors. Maize followed suit, owing to a quiet demand and the anticipation that shipments from the Plate will shortly show considerable expansion. The market in oilseeds had a quieter tone, but in seed was fairly firm, on rather unfavourable crop reports from the United States, and cottonseed advanced in sympathy with Egyptian prices.

Industrial grades of coal and coke remain in active demand at firm rates, but house and gas coal are seasonally quiet. The iron and steel markets are still as active as ever, and many manufacturers are in arrears with contract deliveries; but non-ferrous metals were generally rather easy this week. The difficulties of the international situation continue to exercise a depressing influence on the metal markets, while tin still suffers from uncertainty about the renewal of the restriction scheme and the future of Bolivian supplies. Among textile fibres, cotton was again marked up, partly in response to the crop situation in the United States, and wool remained firm. The jute markets were depressed owing to the expectation of a larger Indian crop and the news that the Indian Jute Mills Association has planned a further extension of production in the effort to force down quotations and so to bring the non-member mills to heel. Last week's improvement in rubber was well maintained, and the statistical position of the commodity continued to improve.

Among foodstuffs, price changes were few. Provisions were generally steady, and the cooler weather brought a welcome improvement in the demand for meat and eggs. The sagging tendency at the Mincing Lane tea auctions was arrested, but the spot market in raw sugar was decidedly easier. The import duty on potatoes was restored on July 1st. The duty amounts to £2 per ton during July and August, and to £1 per ton for the remainder of the season.

The tendency in the prices of primary products in the United States was again upwards, although the pace of the advance slackened. Moody's index of the dollar prices of staple commodities stood at 169.8 on Wednesday (December 31, 1931 = 100), against 168.4 a week earlier, 163.3 a month ago and 158.3 on the corresponding day last year.

COAL

SHEFFIELD.—There is a good demand for all classes of industrial coal, but a pronounced quietude in household and gas fuel. Demand for small coal for coke works exceeds the supply. Blast-furnace coke is in very strong request, and new business in graded coke for central heating is being transacted at higher figures. There is but little change in the week in the export market, inquiries for both prompt and forward delivery being somewhat restricted. Best hards are steady; washed singles and smalls are rather scarce, but other qualities more plentiful. Prices, however, remain firm.

Prices.—Inland: South Yorkshire, best, 23s.-25s.; South Yorkshire seconds, 20s.-21s.; Derbyshire best house, 22s.-23s.; Derbyshire best brights, 19s. 6d.-21s.; kitchen coal, 16s. 6d.-19s. 6d.; best screened nuts, 19s.-20s.; small screened nuts, 18s.-18s. 6d.; Yorkshire and Derbyshire hards, 19s. 6d.-20s.; rough slacks, 11s.-12s.; nutty slacks, 10s.-11s. Export: South Yorkshire: hards Association, 19s.-19s. 6d.; washed trebles, 17s. 6d.-18s.; washed steam doubles, 17s. 6d.-18s.; washed gas doubles, 17s. 6d.-18s.; washed steam singles, 17s.-17s. 6d.; washed gas

singles, 17s.-17s. 6d.; washed smalls, 14s. 9d.-15s. 3d.; washed coking smalls, 14s. 9d.-15s. 3d.; screened gas coal, 19s.-20s. 6d.; Derbyshire and Notts: top hards, 18s. 3d.-18s. 9d.; cobbles, 18s. 3d.-18s. 9d.; washed trebles, 17s.-17s. 6d.; slacks, 9s. 6d.-13s. 6d.

NEWCASTLE-ON-TYNE.—The Finnish State Railways have bought 13,500 tons of steam coal from this district, for delivery July-September. The firmness in all classes of Northumberland steam coal is unabated, and demand is brisk for export, if a shade easier in respect of domestic fuel. In Durham there is no change in market conditions generally: home industrial demand is on an increasing scale, but there is no indication of any additional export trade. Coke of all descriptions remains firm, with both home and export trade very active.

Current f.o.b. prices for export:—**NORTHUMBERLAND.**—D.C.B. screened, 15s.; smalls, 12s. 6d.; Howards, Bentinck, Newbigin screened, 14s. 9d.; smalls, 12s.; Tyne Prime large, 14s. 6d.; smalls, 12s. 6d.; Hartley Main large, 14s. 9d.; smalls, 12s. 6d. **DURHAM.**—Lambton, South Hetton screened steam, 15s. 9d.; smalls, 13s.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas 14s. 8d.; Second Class gas, 13s. 6d.; Coking unscreened and/or smalls, 13s. 3d.; Prime unscreened bunkers, 15s.; Second class unscreened bunkers, 14s.; Prime Foundry coke, 26s.; Newcastle and District gas coke, 28s.

GLASGOW.—The Scottish trade remains busy. In the home market industrial demands continue on a large scale. The shipping trade is also quite satisfactory on the whole, although some disorganisation has been caused at the loading ports through delayed arrivals of boats owing to strike troubles on the Continent, and other reasons. At the Fife port of Methil there has been a lengthy loading turn. Supplies of both screened coal and nuts are well taken up in most districts. There is in fact a shortage of various classes of coal, and the market generally presents a very strong appearance.

Current export prices (f.o.b. district ports):—**LANARKSHIRE.**—Ell best, 15s.; Splint best, 18s.; Splint second 16s.-16s. 6d.; Navigation screened 16s.-16s. 6d.; Navigation unscreened, 15s.; Hartley, 14s. 6d.; Steam, 14s. 6d.; Trebles, 15s. 6d.-16s.; Doubles, 15s. 6d.-16s.; Singles, 16s.; Pearls, 15s.; Dross, 12s. 6d. **FIFE.**—Best unscreened navigation, 14s. 6d.; unscreened navigation, 14s. 6d.; first-class steam, 15s. 3d.-15s. 6d.; third-class steam, 14s. 6d.; trebles, 16s. 6d.-18s.; doubles, 16s.-17s.; singles, 16s.-16s. 6d.; pearls, 14s. 3d.-14s. 6d. **LOTHIANS.**—Best splint, 15s. 6d.-16s.; prime steam, 14s. 6d.-14s. 9d.; secondary steam, 14s.; unscreened navigation, 14s.; trebles, 16s.-16s. 3d.; doubles, 15s. 6d.-16s.; singles, 16s.-16s. 6d.; pearls, nominal. **AYRSHIRE.**—Best unscreened navigation, 16s. 6d.; steam, 13s.-13s. 6d.; trebles, 15s. 6d.-15s. 9d.; doubles, 16s.; singles, 16s.-16s. 6d.; pearls, nominal; dross, nominal.

CARDIFF.—Conditions show no signs of improvement. Shipments last week totalled 299,100 tons compared with 312,900 tons the previous week and 402,433 tons in the corresponding period last year. The French position has eased substantially as a result of the settlement of the dispute at the coasting and bay ports, and there is a better supply of tonnage in dock than was the case last week. But there has been no expansion in the volume of current demand and collieries are finding it difficult to dispose of their reduced export quota. There is a surplus of large, but a scarcity of small and sized grades, particularly for prompt shipment. The demand for coke, however, continues good and prices are firm, while patent fuel is steady at recent quotations. Pitwood remains firm. There has been a failure to agree on the price of French pitwood supplied under the coal-pitwood barter agreement, and licences for the shipment of 120,000 tons of coals to France during the September quarter are temporarily withheld. The parties are to meet again towards the end of the current week. The Madrid, Zaragossa, Alicante Railways have placed a contract for 40,000 tons for delivery over the second half of the year, and the Greek Navy an order for 5,000 tons; while the Palestine Railways are inviting tenders for the supply of from 6,000 to 12,000 tons of steam coals. The drafting of the scheme for the central control of coal sales has not yet been completed, and it is now thought very improbable that the scheme will be brought into operation as from the beginning of next month.

Current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 6d.; Black Veins, 18s. 3d.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; Western Valleys, 17s. 6d. to 17s. 9d.; best small steams (washed), 13s. 6d. to 14s. 6d.; seconds 13s. to 14s.; coking smalls, 14s. 3d. to 14s. 6d.; anthracite best large 36s. to 40s.; Red Vein large, 22s. to 27s.; machine made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; rubbly culm 11s. 6d. to 12s.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown) 21s.; pitwood, ex ship, Portuguese, 23s.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, June 30, 1936,

RESOURCES					
Cash and due from Banks	...	...	...	...	\$ 602,890,348.12
U.S. Government Obligations, direct and fully guaranteed	...	...	...	...	735,987,426.74
State and Municipal Securities	...	...	...	...	96,689,988.58
Other Bonds and Securities	...	...	...	...	184,412,520.93
Loans, Discounts and Bankers' Acceptances	...	...	...	...	649,449,053.91
Banking Houses	...	...	...	...	38,271,272.31
Other Real Estate	...	...	...	...	4,213,474.44
Mortgages	...	...	...	...	10,255,689.23
Customers' Acceptance Liability	...	...	...	...	19,668,994.51
Other Assets	...	...	...	...	14,518,907.50
					<u>\$2,356,357,676.27</u>
LIABILITIES					
Capital Funds:					
Preferred Stock (called as of August 1, 1936)	\$	3,694,340.00			
Common Stock	...	100,270,000.00			
Surplus	...	100,270,000.00			
Undivided Profits	...	22,657,367.23			
					<u>\$ 226,891,707.23</u>
Reserve for Contingencies	...	...	...	...	12,413,158.33
Reserve for Taxes, Interest, etc.	...	...	...	...	1,183,448.27
Deposits	...	...	...	...	2,083,325,945.17
Acceptances Outstanding	...	...	...	...	21,341,521.84
Liability as endorser on Acceptances and Foreign Bills	...	...	...	...	6,772,366.13
Other Liabilities	...	...	...	...	4,429,529.30
					<u>\$2,356,357,676.27</u>

United States Government and other securities carried at \$147,818,737.41 are pledged to secure Public and Trust deposits and for other purposes as required or permitted by law.

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MANCHESTER
36 Charlotte St.
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BANK OF LONDON & SOUTH AMERICA
INCORPORATED IN GREAT BRITAIN
1862

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Incorporated in Great Britain
1862

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The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
June 25, 1932	Cwts. 67,779	Cwts. 3,625	Cwts. 9,433	s. d. 6 5	s. d. 7 1	s. d. 8 1
June 24, 1933	47,859	15,578	8,746	6 5	6 11	5 9
June 30, 1934	75,291	4,780	25,650	5 7	6 6	6 5
June 29, 1935	84,653	9,834	10,353	5 6	7 2	7 6
June 20, 1936	81,355	6,541	23,268	6 8	7 7	6 3
June 27, 1936	70,154	3,672	13,843	6 8	6 4	6 3

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-36, with comparative figures for 1934:—

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	June 3, 1935	Dec. 31, 1935	June 24, 1936	July 1, 1936
Winnipeg (No. 1, Manitoba)	85½	82½	81½	84½	83½	80½*
Chicago (No. 2 Winter)	84½	88½	86	75½	95½	95½

* June 30

The visible supply of wheat in Canada amounts to 80,217,000 bushels, against 82,589,000 bushels last week, and 113,088,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—No change was made in the official prices last week-end, but the market has subsequently had a quieter tone, prices tending slightly easier. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 90s. to 94s.; Canadian, 85s.; Danish, 93s., as against 92s. to 94s., 85s. and 93s. last week. Arrivals in London last week included Danish, 13,791 bales; Canadian, 3,847; Dutch, 2,437; Lithuanian, 1,770; and Polish, 2,466, as against 13,341, 4,078, 2,498, 1,762 and 2,409, respectively, in the previous week.

BASIC PIG PRICE.—The Pigs Marketing Board announced this week that, in accordance with the provisions of the present contract, the ascertained price of green Wiltshire style bacon is 89s. 7d. per cwt. and the ascertained value of offals is 9s. 1d. The ascertained cost of feeding stuffs, as certified by the Ministry of Agriculture and Fisheries, is 7s. 9½d. per cwt. In accordance with the price schedule embodied in the contract, the price of the Class I, grade C pig, for the month of July is 11s. 4d. per score, against 11s. in June and 11s. 9d. in the same month of last year. The curers will also pay to the Pigs Marketing Board 2d. per score on every pig delivered and accepted during this year, to form a pool out of which will be paid the bonus on pigs delivered during the first four months of the year, in accordance with the 1936 Bonus Scheme.

BUTTER.—Although the market has been rather quiet, prices remain firm. Danish is rather dearer on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 106s.; Australian, choicest salted, 105s.; Danish, 117s., compared with 106s., 105s. and 114s. to 115s., respectively, a week ago.

CHEESE.—Trading has been rather quiet, but prices generally are well maintained. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, factory, 55s. to 58s.; Canadian, finest coloured, 65s. to 66s.; and New Zealand, finest coloured, 58s.; against 56s. to 58s., 64s. to 68s. and 58s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 6½ cents per lb., as against 6½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "October-December" was quoted 28s. 4½d. per 250 kilos., c.i.f. Continent, against 28s. 3d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 1,679 bags; delivered, for home consumption, 5,476 bags; exported, 1,155 bags; stocks, 166,282 bags, against 195,492 bags a year ago.

COFFEE.—Demand in London has been quiet. The New York market has been steady at unchanged rates. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb. in New York, as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 621 cwt.; delivered, for home consumption, 53 cwt.; exported, 624 cwt.; stocks, 10,307 cwt., against 16,078 bags a year ago. Central and South American, landed, 2,598 cwt.; delivered, for home consumption, 2,332 cwt.; exported, 692 cwt.; stocks, 121,116 cwt., against 114,052 packages last year. Other kinds, landed, 986 cwt.; delivered, for home consumption, 4,936 cwt.; exported, 1,735 cwt.; stocks, 164,129 cwt., against 117,355 packages last year.

EGGS.—The cooler weather has brought an improvement in demand, and the market has been steady. At Smithfield on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 11s. to 11s. 9d. per 120, as against 11s. to 11s. 6d. last week, while Danish (15½ lb.) made 8s. 9d. to 9s. 3d. per 120, the same as last week.

FRUIT.—Soft fruit is attracting the bulk of attention at Covent Garden, states *The Fruitgrower*, although the rush part of the season has now passed. Business in other sections has become rather slack, with prices generally showing an easier tendency. Despite heavy rains, supplies of most regular seasonal lines have accordingly been

ample for requirements. The strawberry season is drawing to its close, but Kent cherries, in good form, have encountered a steady demand. Good prices are expected for the later varieties, since the crop is much smaller than was at first anticipated. Green gooseberries sold better, while melons were rather short and firmer. Peaches, however, were in rather larger supply and easy in price, and grapes and figs also tended lower. Spanish cherry plums and apricots exhibited a similar tendency. The apple trade was slow with prices showing a fall, and pears were also a little weaker. All citrus fruit was cheaper this week.

MEAT.—Except for pork, demand was better this week and the market registered a recovery. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 4d. to 3s. 10d. per 8 lbs., as compared with 3s. to 3s. 8d. a week ago. New Zealand frozen mutton was 3s. to 3s. 8d. per 8 lbs., against 3s. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 7,650 tons, a decrease of 35 tons on the corresponding week last year. Beef and veal accounted for 4,115 tons, mutton and lamb 2,690 tons, and pork and bacon 436 tons, as compared with 4,162, 2,677 and 468 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 3 tons; stocks, 1,753 tons, against 2,135 tons a year ago. White, landed, nil; delivered, 47 tons; stocks, 12,029 tons, against 18,709 tons a year ago.

RISE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. ex warehouse on Wednesday, as compared with 8s. 6d. per cwt. a week ago. "July-August" in singles to Continent and U.K. was quoted at 7s. 6d. per cwt., against 7s. 7½d. for "June-July" last week. Movements in London during the past week were as follows: Landed, 96 tons; delivered, 180 tons; stocks, 1,584 tons, against 10,202 tons a year ago.

SUGAR.—The London market displayed a distinctly easier tone this week, but prices in New York were about steady. The spot price in New York on Wednesday was 3.75 cents per lb., as compared with 3.75 cents per lb. last week and 3.72 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 3½d. to 4s. 4½d., against 4s. 6d. to 4s. 6½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 11,837 tons, against 11,832 tons last week and 25,546 tons in the same week of last year; deliveries, 18,341 tons, against 21,976 tons last week and 14,220 tons last year; stocks, 134,201 tons, against 140,705 tons last week and 119,485 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
June 27, 1935	d. 11-41	d. 11-58	d. 12-95	d. 9-84	d. 8-39	d. 10-12	d. 11-66
May 14, 1936	d. 12-59	d. 13-66	d. 15-08	d. 10-89	d. 10-36	d. 11-86	d. 13-19
May 21, "	d. 12-41	d. 13-00	d. 14-21	d. 10-81	d. 10-21	d. 11-75	d. 12-81
June 11, "	d. 12-24	d. 12-73	d. 13-30	d. 10-22	d. 10-11	d. 11-48	d. 12-40
June 18, "	d. 12-20	d. 12-26	d. 13-13	d. 10-17	d. 9-95	d. 11-44	d. 12-25
June 25, "	d. 12-20	d. 12-26	d. 12-98	d. 10-26	d. 9-95	d. 11-21	d. 12-18

This week's offerings at the public auctions in Mincing Lane comprised 47,529 packages of Indian and 25,010 packages of Ceylon tea. There was a brisk demand for Indian sorts, with prices about steady. Ceylon descriptions also encountered good competition and prices occasionally moved in sellers' favour.

VEGETABLES.—According to *The Fruitgrower's* Covent Garden report, business in tomatoes was quite good during the past week, with quotations showing little alteration. Cucumbers were also in better demand at rather higher rates. Green peas were an active market, but prices have tended to decline with heavier arrivals this week. Spring cabbage and cauliflower are easier now that peas are available. Marrows continue to sell well, but are cheaper; broad beans are steady and onions firm. Good quantities of asparagus are still on offer. Meanwhile, demand for new potatoes at London markets remains active but, with heavier arrivals, prices continue their seasonal decline. At the London Borough Market on Tuesday, Jerseys made 11s. to 12s. per cwt., against 12s. to 14s. last week. The remaining supplies of old potatoes declined this week, best siltland King Edward being quoted at 5s. to 6s. per cwt., against 8s. to 9s. a week earlier.

MISCELLANEOUS COMMODITIES

RUBBER.—Apart from a setback at the end of last week, the recent improvement in the tone of the market was well maintained during the period under review, the spot price showing a rise of ½d. on the week. Meanwhile, trade buying continues fairly active, and the steady decline in U.K. stocks continues. The spot price in New York on Wednesday was 16½ cents per lb., compared with 15½ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. for "October-December" shipment, as against 7½d. to 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 122,700 tons, against 124,261 tons a week earlier. A year ago stocks amounted to 170,369 tons.

VEGETABLE OILS AND OILSEEDS.—After a period of activity and rising prices markets are quieter and some reaction has taken place. Linseed, however, remains firm and is largely influenced

by the crop situation in the United States and Canada. Conflicting reports are to hand concerning damage done by high temperature and the want of sufficient moisture to the spring sowings; interest now centres upon the next official report as to area and condition, due on July 10. Meanwhile English crushers are buying from hand to mouth—chiefly Indian descriptions, as Plate (plus 10 per cent. duty) is out of line, and is attractive only to Continental users. Shipments from the River Plate have fallen off, but the quantity afloat for Europe is maintained. The total of 125,400 tons (including 38,700 tons from India) is 8,700 tons more than last week. That afloat for the United States is only 1,000 tons compared with 38,600 tons a year ago. Should the worst expectations regarding

the American yield be realised greater reliance will have to be placed on imports. Old crop cottonseed advanced sharply in sympathy with Alexandria and, supplies being small, £8 is now quoted. An extensive trade in new crop has been done at Hull at up to £6 16s. 3d. October loading, £6 12s. 6d. November, and £6 8s. 9d. November-January. For September £7 is asked.

The steady advance in linseed oil has been checked and £25 15s. now represents current value ex Hull July-August delivery, with later positions at a progressive discount. Cotton oil is dearer in sympathy with seed, but trade is quiet. Egyptian crude ex Hull is offered at £25 10s. and refined at £27 10s. prompt. Oilcakes are in normal demand and steady in price.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, July 1st

CEREALS AND MEAT

GRAIN, Etc.	s. d. s. d.
Wheat—	
No. 2, N. Man. 496 lb.	31 9
Eng. Gaz. av. per cwt.	6 8
Barley, Eng. Gaz. av. ...	6 4
Oats—	
Malze, La Plata, landed,	20 6
Flour, Lon. stan. ex mill,	26 3
890 lb.	7 6
Rice, No. 2 Burma, per cwt.	7 6
MEAT—	
Beef, per 8 lbs.—	
English long sides	4 0 4 8
Argentine chilled hinds	3 4 3 10
Mutton, per 8 lbs.—	
English wethers	5 8 6 8
N.Z. frozen	3 0 3 8
Lamb, per 8 lbs.—	
N.Z. frozen	4 6 5 4
Pork, English, per 8 lbs.—	4 8 5 0

OTHER FOODS

BACON—	
English	90 0 94 0
Irish	88 0 95 0
Danish	93 0
Dutch	99 0
HAMS—	
Canadian	98 0 100 0
American	98 0 100 0
BUTTER—	
Australian	105 0
New Zealand	106 0
Danish	117 0
CHEESE—	
Canadian	65 0 66 0
New Zealand	58 0
English Cheddar	55 0 58 0
English factory	55 0 58 0
Dutch	41 0 45 0
COCOA—	
Duty, British grown,	
11/8 foreign, 14/- cwt.	
Accra, i.f.	28 9 29 0
Trinidad	45 0 50 0
Grenada	44 0 45 0
COFFEE—	
Duty, British grown	
4/8 foreign, 14/- cwt.	
Santos sup. c. & f. cwt.	39 0
Colombian, good	46 0 55 0
Costa Rica, med. to good	52 0 72 0
East Indian	42 0 62 0
Kenya, medium	44 0 56 0
EGGS—	
English	11 0 11 9
Danish	8 9 9 3
FRUIT—Oranges—	
South African	12 0 18 0
Brazilian	12 0 15 0
Lemons, Malaga	21 0 26 0
Sicilian	21 0 26 0
Apples: Amer. (var.) brls.	...
(var.) boxes	...
Australian	6 0 11 0
Onions—	
Valencia, case	...
Egyptian, bags	8 0 9 0
Grapes, Almeria, barrels	10 0 16 6
Grapefruit, S. African ..	14 0 18 0
LARD—	
Irish bladders	56 0 64 0
U.S.	55 0 57 0

TEXTILES

COTTON—	
Mid-American	7-16
Sakellaridis, f.g.f.	9-47
Yarns, 32's twist	10-4
60's twist	18-4
FLAX—	
Livonian ZK	52 0 53 0
Pernau HD	nominal
Slanetz Russian 1st sort	68 10
HEMP—	
P.C.	nominal
Malilla, June-Aug. "J 2"	27 15
Sisal, African	26 0 27 10
JUTE—	
Native 1st mks.	per ton
c.i.f. H.A.R.B.	£17/2/6
Dalree 2/3 c.i.f. Dundee	£18/0/0
June-July	s. d. s. d.
SILK—	
Canton	4 3 6 9
Tusah	3 6 4 6
Japan	6 7 6 3
Italian—raw, fr. Milan	7 6 11 0

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

WOOL—	
English Southdown, greasy, per lb.	12½
Lincoln hog, washed	9½
Queensland, scd. super cmbg.	26
N.S.W. greasy, super cmbg.	15½
N.Z., grey, half-bred 50-56	13
Topes—	
Merinos 70's Average	31
64's	33
Crossbred 40-44	33
Crossbred 48's	14
64's	13½
MINERALS—	
COAL—	
Welsh, best Ad'ty	19 6
Steel rails, heavy, f.o.b.	1 0
Durham, best gas, f.o.b.	14 8
Tyne	14 8
Shelfield, best house, at	
pits	23 0 25 0
IRON AND STEEL—	
Pig, Cleveland No. 3, d/d.	
ton 75 0	
Bars, M'brough	202 6
Steel rails, heavy	170 0
Cubes	21 10/8 22 4½
Crushed	20 0 20 1½
Granulated	19 0 18 10½
Home Grown	17 9 18 1½
TEA—	
Indian—per lb.—	
Pekoe	0 11½ 1 1
Broken Pekoe	0 11½ 1 2
Orange Pekoe	0 11½ 1 4½
Broken Orange Pekoe	
0 11½ 1 7½	
Ceylon—per lb.—	
Pekoe	0 11½ 1 9
Broken Pekoe	0 11½ 1 5½
Orange Pekoe	1 0 1 8
Broken Orange	1 0 1 6
TOBACCO—	
(Duty, 9/6-10/8) per lb.,	
Empire growth, 7/5½	
8/3½ per lb.	
Virginia leaf—	
Common to fine	0 8 2 6
Rhodesian leaf	0 8 1 10
Nyasaland leaf	0 7 1 4
stripes	0 9 1 6
East Indian leaf	0 5 1 4
stripes	0 6 1 6

MISCELLANEOUS

CHEMICALS—		s. d.	s. d.
Acid, citric, per lb., less 5%	1 0	1 0½	
Nitric.....	0 2½	0 3½	
Oxalic, net.....	0 5	0 6	
Tartaric, English, less 5%	1 0	1 0½	
Alcohol, Plain Ethyl.....	15 0		
	£ s.		
Alum, lump..... per ton	8 10	8 15	
Ammonia, carb.	ton 27 0	28 0	
Sulphate	7/6/0		
Arsenic, lump..... per ton	35 0		
Bleaching powder, per ton	8 15	9 0	
	s. d.	s. d.	
Borax, gran. per cwt.	13 0		
Do. powder	14 6		
Nitrate of soda per cwt.	7 9		
Potash—Chlorate, net	0 4	0 4½	
Sulphate	per cwt. 9 6	10 0	
Soda Bicarb. per cwt.	10 0	11 0	
Crystals	per cwt. 5 0	5 3	
Sulphate of Copper, per ton	15 0	15 10	
CEMENT, best Eng. Portland, d.d. site,			
London area, jute sacks, 11 to ton			
(charged and credited at 1/6d. each) or			
paper bags 20 to ton (free, non-return-			
able).....			
4-ton loads and upwards 39/- per ton			
1 and up to 4-ton loads 41/- per ton			
COPRA—			
S.D. Straits c.i.f., per ton	13/15/0		
Smoked South Sea.....	Nominal		
DRUGS—			
Camphor.....	s. d.	s. d.	
Japan, refined	per lb. 2 3		
Ipecacuanha	per lb. 5 3	5 6	
HIDES—			
Wet salted—Australian			
per lb.	0 4½	0 5½	
West Indian	0 3½	0 3½	
PETROLEUM PRODUCTS—			
Motor Spirit, No. 1, Lon-			
don			1 5
Petroleum, Amer. rfd.			
bri. London, per gal.			0 9½
Fuel oil, in bulk, for			
contracts, ex instal.,			
Thames.....			
Furnace ... per gall.			0 3½
Diesel per gall.			0 4½
ROSIN—			
American	per ton 13/0/0	14/12/6	
RUBBER—			
St. ribbed smoked sheet		s. d.	s. d.
per lb.	0 7½		
Fine Hard Para	per lb. 0 9½		
SHELLAC—			
TN Orange	per cwt. 54 0	59 0	
SHELLS—			
W. Aust. M.o.-P.	£ s. d.		
	2 10	9 0	
TALLOW—			
London town	per cwt. 22 0		
TIMBER—			
Swedish u/s 3 x 8 ...	per std. 18 5	0	
2½ x 7 ...	17 15	0	
2 x 4 ...	15 15	0	
Can'dn Spruce, Dis.		21 15	0
Pitchpine	per load 9 10	0	
Rio Dals	per std. 32 0	0	
Teak	per load 28 0	0	
Honduras Mahg. logs ...	c. ft. 0 12	0	
African	0 6	6	
Amer. Oak Boards	0 6	0	
English Oak Planks	0 6	6	
" Ash	0 7	0	

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Special articles due to appear next week on the Leader Page of THE FINANCIAL NEWS are as follows:

MONDAY, JULY 6—PROGRESS OF THE DIESEL ENGINE. This article, a sequel to a survey of the progress of Diesel Engines, which appeared in THE FINANCIAL NEWS a year ago, brings the situation up-to-date, and analyses the very great strides made by the heavy oil motor during the past twelve months.

TUESDAY, JULY 7—CONSOLIDATED GOLDFIELDS. Our special Mining Correspondent, "MINOTAUR," deals this week with the position and prospects of this leading mining finance house.

WEDNESDAY & THURSDAY, JULY 8 & 9—COMPANIES AND THEIR PROFIT-EARNING CAPACITY, No. 19—THE MACHINE TOOL COMPANIES. Machine Tool Companies have come very much into the eye of Industrialists and Investors recently, owing to the enormous demand for their products, caused by Re-armament and the engineering boom.

On Wednesday, there will be a general review of the industry, and on Thursday, some of the companies will be dealt with individually, including:—

COVENTRY GAUGE & TOOL B.S.A.
MODERN MACHINE TOOLS KITCHEN & WADE

FRIDAY, JULY 10—REVIVAL IN THE DIAMOND TRADE. The revival of the demand for diamonds is continuing, and in the view of some judges, even being accelerated. This article surveys the scope of the recovery movement, and the further outlook, together with its significance for De Beers and the smaller diamond producing companies.

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HAMILTON FISH ARMSTRONG, Editor



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THE BITTER END

THE halting attempt by fifty-two States-Members of the League of Nations during the past nine months to do their duty to Abyssinia under the Covenant has come to an in-dutiful end. The decision to throw up the sponge and glorious end. The decision to throw up the sponge and glorious end. The decision to throw up the sponge and glorious end.

It was still possible, however, for the League to preserve some shred of dignity by facing its failure with frankness and with recognition of the intensity of the tragedy. Mr Eden's speech at Geneva, to which we referred in last week's issue, had at least the merit of striking this note. The proceedings at Geneva have ended, however, in an atmosphere of futility which will give a handle to the scoffers and the sceptics. It was meant to manipulate the procedure so as to avoid putting to the vote the first of the two so-called Abyssinian resolutions, in which the Assembly was called upon to proclaim that it would not recognise any annexation obtained by force of arms. For, in eluding the necessity of having to record a vote—either negative or affirmative—on this plain and pertinent question, the States-Members announced, as clearly as if they had written the words down and appended their signatures, that they intended to recognise the establishment of Italian sovereignty over Abyssinia as soon as public attention, in the countries respectively concerned, had been safely diverted to other objects. Again, in the light of the solemn obligations of the Covenant, it was hollow self-complacency in the President of the Assembly to declare, in his closing speech, that he had examined his conscience and found it clear, and to suggest that any one of his colleagues, if his own country found herself one day in a situation like that of Abyssinia, would be glad, in default of something better, to see economic and financial sanctions applied to his aggressor by fifty Governments.

These views seem the more extraordinary, in that this President of the League Assembly happened also to be the Belgian Minister for Foreign Affairs. For how do such views apply to Belgium's own experience in 1914-18—an

experience which may be repeated, who knows when? Within less than half the time that it took the Italian forces to reach Addis Ababa, the Germans, in 1914, had occupied (and this effectively, and not on skeleton lines) the whole of Belgium except a patch of sand dunes. What would the Belgians have said if, as soon as Antwerp and Ostend had gone the way of Liège and Brussels, the Allies had openly acquiesced in the German *fait accompli*? What would they have said if, from first to last, we had confined our payment on account of the Treaty of 1839 to a handful of economic and financial sanctions? Small wonder if the nations living under the shadow of armed and powerful States are asking themselves whether they can count upon any assistance worth having from any of their neighbours when it is their turn to be the victims of aggression.

It was the pair of Abyssinian resolutions—the second of which asked for a League guarantee for a loan to the Abyssinian Government—that brought the business at Geneva to a head. In order to keep the first of these two resolutions from even being put to the vote, the Bureau of the Assembly drafted an alternative resolution of its own. This resolution was called a recommendation, in order to get round the unanimity rule. The recommendation was given precedence over the Abyssinian resolution, on the ground that it emanated from the Bureau. And, when it had been adopted, it was ruled that the Abyssinian resolution had become superfluous, on the ground that its intention was already fulfilled in the Bureau's alternative text.

The recommendation which served this turn noted that, various circumstances had "prevented the full application of the Covenant." But at the same time it declared that the Assembly remained "firmly attached to the principles of the Covenant, which are also expressed in other diplomatic instruments such as the declaration of the American States of August 3, 1932, excluding the settlement of territorial questions by force." The document then went on to recommend that "any proposals to improve the application of the principles of the Covenant" should be sent in by the beginning of September for consideration by the

Assembly at its next meeting, and that meanwhile the Co-ordination Committee should advise the States-Members as to the time and method of taking the sanctions off.

This recommendation was adopted by the Assembly by forty-four votes to Abyssinia's one, with four abstentions on the part of South Africa, Chile, Panama and Venezuela. The Abyssinian resolution in favour of a loan to the Abyssinian Government was rejected by 23 votes to Abyssinia's one, with 25 abstentions.

Thus was Abyssinia thrown to the wolves.

In October last Italy, too, had found herself in a minority of one on the Council; but Baron Aloisi was at least able to beat up three unjust men—the representatives of Austria, Hungary and Albania—to take his side in the Assembly. The four abstentions from voting on the first of the two resolutions of last Saturday were the nearest approach to anything which could be called support that Abyssinia was able to obtain in her extremity.

It remains to state that, on Monday, the Assembly resolved itself into a Co-ordination Committee which duly advised its component States to discontinue the application of the present sanctions as from July 15th.

These proceedings have already produced their effect upon two groups of States: the Latin-American Republics and the seven European neutrals (the three Scandinavian countries, the two Iberian countries, Switzerland and the Netherlands). The European neutrals have given notice that, so long as their fellow States-Members continue to honour the Covenant in the breach rather than in the observance, they themselves will no longer feel bound to implement Articles X and XVI for their part. The Latin-Americans are disgusted at the refusal of their European fellow States-Members to commit themselves frankly to an undertaking to withhold recognition of the *fait accompli*; and they have not been placated by the reference, in the Bureau's recommendation, to the declaration of 1932. In fact, if not in form, it looks as if the Latin-Americans may dissociate themselves from Geneva from now onwards.

Whether this flight from Geneva will actually materialise or not and, if so, whether it will be followed by some, or all, of the self-governing Dominions of the British Crown overseas, the event will show. In any case, it will be a diminished band of States whose delegates will take an active interest in "the reform of the League" this autumn. There will be the United Kingdom, France and Belgium; there will be Russia and the States-Members of the Balkan and Little Ententes; there will be Poland; and there will also, presumably (we must not forget her), be Italy. What will these parties do when they come together?

We suspect that the policy of "reforming" the Covenant by emasculating it is doomed to suffer shipwreck on the rock of inertia. It seems probable that, if any of the Governments commit themselves to anything at all, their action will take the form of a declaration of the geographical limits within which they intend genuinely to honour a set of obligations which will in theory still remain universally applicable.

In our own case, we shall have to make up our minds what the area is within which the United Kingdom will be prepared to go to war in fulfilment of its covenanted obligations. Is Mr Baldwin going to say once more that "our frontier is the Rhine" and that Germany may do what she pleases in Eastern Europe so long as she drops (for the moment) her claim to recover her place in the African sun? Such a policy of leaving the Little Entente and Russia to fend for themselves while we defend the British (and incidentally the Italian) Empire behind a reconstructed Stresa Front, would be, of all policies, the most short-sighted. There is yet time for the Government to realise that the minimum area within which we ought to be prepared to take action in vindication of the Covenant should manifestly not be less than the region that lies within bombing range of these shores. Past history and present right would extend it to everything east of us, up to Russia-in-Europe inclusive.

Here is the next issue in the long battle that is now being fought over foreign affairs in this country between Government and public opinion. Its outcome depends on whether the so-called "National" Government can devise a foreign policy which will restore their prestige and command an essential unity in the country. As yet, we see no indication that the Government are devising such a policy.

BRUMMAGEM IMPERIALISM

BIRMINGHAM has this week been celebrating the centenary of the birth of Joseph Chamberlain. Birmingham's claim to the honour is unchallenged, for though Chamberlain was a Londoner by birth he became attached to his adopted city to an extent almost unparalleled in British public life. The city and the statesman were in fact almost identified, until the adjective "Brummagem" came to apply equally to the products of the one and the ideas of the other. What is more extraordinary, it was the man who stamped his impress on the city rather than the city on the man. He built up its industry, he changed its face, he mastered its politics to such effect that every division of the city followed his lead even in 1906, when the country outside Birmingham rejected him more emphatically than any other political leader has ever been rejected before or since.

There is much to celebrate in the centenary of Chamberlain. He was one of the first rationalisers of British industry, one of the first to succeed in bringing order and efficiency—and profits—out of competitive chaos. He was a great municipal reformer, more responsible by his energy and his foresight than any other man for the development of the modern British municipality. He was foremost in bringing into national politics the great force of Radical Nonconformity which transmuted Whigs into Liberals. Above all, he was a great personality. He was the man of whom it was first said (and by an opponent) that he had "a genius for friendship." There were decades when every man in England knew who "Joe" was. The nickname ranks with "Dizzy," "the G.O.M." and "Old Pam," and it indicates a combination of eminence and popularity which very few men achieve.

It would be wrong to say that the good that Chamberlain did was interred with his bones. The effects of his Mayoralty of Birmingham still live after sixty years. But his works were not unalloyed. It is doubtful, for example, whether his invention of the "caucus," the party machine in the modern sense, was a benefaction to any but the professional politicians. His Imperialism, in its political aspects, has caused a great deal of spilt blood, and is still causing bad blood between nations to-day. Perhaps the most questionable of his services to his country, however, was the economic doctrine with which he inoculated the party of his old age. Imperial Preference was his last and greatest love. It was the only cause in which, in his lifetime, he failed. But he has succeeded after his death, and the Government of which his second son is one of the leaders and his eldest son one of the chief supporters is putting a Birmingham ring-fence round the Empire.

The latest manifestation of British neo-Imperialism is to be found in the announcement of the Government's permanent meat policy, the details of which are recorded in a Note in this issue. There is very little in the announcement that is surprising, as it follows lines that have been foreshadowed for many months past. But there is equally little that is praiseworthy. The country is gradually slipping into a permanent policy which combines the worst features of the Corn Laws under which Chamberlain was born and of the Tariff Imperialism in whose advocacy he died. Wheat already has its permanent subsidy. The cattle subsidy, on the other hand, was supposed to be temporary and repayable; it is still entered on the Treasury Returns as "Temporary Advances." But the subsidy has now been increased and made permanent, while the promise of repayment has gone the way of many other obligations incurred in the curious financing of our agricultural policy.

A permanent subsidy to British farmers is nothing but the policy of the Corn Laws. True, the technique has changed and the cost of the subsidy is no longer put so blatantly on the price of the poor man's food. But it is nevertheless true that the cost comes out of the consumer's pocket. There may be a case for temporary assistance to British farmers to see them over a particularly difficult time; and if there is such a case, the assistance is best given by a cash subsidy. But a permanent subsidy, coupled with an import duty and buttressed by quota restrictions, to be paid in bad times and in good, is an entirely different matter. It means that the British public is being compelled, for the satisfaction of the farmer, to pay more than it need for its food. From this conclusion there is no

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escape. If the import duty *plus* the quota raises the price of meat, the cost goes on to the consumer of meat. If prices to the consumer do not rise, as Mr Elliot promises, the cost of the subsidy must come either from the taxpayer or from the foreign producer. And even if this is one of those exceptional cases in which "the foreigner pays the duty," the British public still foots the bill in the end. For "the foreigner" in this case happens to be the Argentine, and the Argentine producer, as he has recently proved beyond question, spends all the proceeds of his British sales in Britain. So that if "the foreigner pays the duty," British exporters, shipowners and bondholders have their incomes reduced.

This is the first objection to the policy. The production of meat in England is less economic than in some other countries, and consequently any policy which artificially stimulates the production of meat in England involves an economic cost—not to a mythical "foreigner," but to the people of Great Britain. But there is another grave objection to be found in the favouring of the British Dominions. Argentina is to pay a duty on her exports of meat, Australia and New Zealand are not. Furthermore, the hint is given that the "quantitative regulation" of the market is to be manipulated in the Dominions' favour. Nothing more clearly illustrates the protectionist mind than the way in which these matters are discussed. One might be forgiven for supposing that it was a question of distributing buns to small boys. The sons and heirs shall have what they want, and the grocer's boy ought to be thankful for what he gets. We should be the last to refuse the Dominions the freest possible access to the British markets on terms fully as favourable as those offered to any other nation. We might even be persuaded, on the score of sentiment, to accord them a certain measure of preference. But we do most emphatically protest against the handing to them of a whole long-established and profitable trade, without visible sign of return or perceptible attention to the British interests that will be injured. It would be difficult to find in commercial history a clearer case of complementary economies than those of Great Britain and the Argentine. If Anglo-Argentine trade is injured, we know exactly where to put our fingers on the British traders and lenders who will be hit. What are the compensating advantages of exclusively Imperial trade? It is not between the son and heir and the grocer's boy that the buns have to be distributed, but between different and deserving members of the same numerous progeny.

At this appropriate moment a broadsheet has been published by PEP (Political and Economic Planning) which directs attention to the whole subject of inter-Imperial trade, and suggests that the opportunity might be taken at the second Ottawa Conference next year to reverse the purely restrictive policies of the first. The broadsheet is closely reasoned and impressive in its conclusions. It demonstrates that neither Great Britain nor the Dominions can find what they want purely in inter-Imperial trade. Britain cannot absorb all the Dominions' raw materials, nor can the Empire take all Britain's manu-

factures. Yet when they try to go outside, both parties find themselves increasingly hampered by their Ottawa obligations. "The best chance of increase is through enlarging the basis of world trade, and this can be achieved only through a relaxation, and not through a strengthening, of restrictive influences."

There is another aspect of these restrictive influences, and that the most ominous of all, to which the broadsheet directs attention. M. Van Zeeland, in closing the League Assembly on Saturday last, invited the nations to discover some means of increasing international trade as the most practical means of lessening the political tension which grips the world. But when we look at British commercial policy, we find it restricting, instead of expanding international trade. "What use is it," asks PEP, "for us to vote in favour of a collective peace system and to support the League if we simultaneously support economic policies which can only lead to impoverishment and unemployment in Europe, to the spread of hunger and fear, and to the rise of despotic Governments gambling with huge armaments and supported by neurotic and desperate peoples?" What use indeed? Perhaps the speeches at the Chamberlain centenary will supply the answer.

UNEMPLOYMENT IN BRITISH TOWNS

How has the geographical distribution of employment changed since before the depression? In two earlier articles (see the *Economist*, May 9th and 16th, pages 295 and 352) we analysed the industrial distribution of employment, and showed that the main transfer of labour between 1929 and 1935 had not been so much from the capital to the consuming industries as from the exporting to the domestic industries. The general tendency of geographical change, as shown in the classification of the eight large areas—London, South-East, South-West, Midlands, North-East, North-West, Scotland and Wales—is well known. There has been a southward, or rather south-eastward, drift. Employment has fallen most heavily in Wales, fallen slightly in the North-East, remained more or less stationary in the North-West and Scotland, increased moderately in the Midlands and South-West, and increased heavily in London and the South-East.

In order to examine this change in greater geographical detail we have analysed the number employed and unemployed in July, 1929, 1932 and 1935, in all towns in Great Britain with a population of about 100,000 or over. Unfortunately, it is impossible to state accurately the number of persons employed in different places at various dates. In the first place, an estimate of "numbers employed" can only be obtained by subtracting the number unemployed (which includes all persons of 14 and over, insured or uninsured) from the number insured (which merely includes insured persons age 16 to 64). The result is consequently a statistical abstraction, rather than an actual number of persons employed. If it is reduced to an index

number, and used simply to show *changes* in total employment, it becomes reasonably reliable. There are certain further difficulties, however, which have to be taken into account: (1) The figures are for Employment Exchange Areas and not for municipal areas. In the table annexed allowance has been made for changes in exchange areas during the period covered by the figures. (2) Insured persons may exchange their books in different exchanges in different years. (3) Legislative and administrative changes in conditions for receipt of benefit (e.g. the Anomalies Act and the Means Test) may have had different effects in different areas. (4) Our figures do not take account of more recent changes in regional employment, due to such developments as the re-armament programme. Detailed returns of numbers insured are obtained only once each year, and the data showing the position in July, 1936, will not be published before the late autumn.

If these qualifications are borne in mind, the following table may be taken to show the general trend of employment in the largest towns, with a population of 250,000 or over, during the last seven years:—

INDEX OF NUMBERS EMPLOYED (July of each year)			
	1929	1932	1935
London Division	100	98	108
Birmingham	100	93	112
Bristol	100	92	99
Nottingham (including Netherfield)	100	100	106
Stoke	100	85	100
Bradford	100	93	103
Hull	100	99	102
Leeds	100	93	106
Newcastle-on-Tyne	100	92	100
Sheffield	100	77	94
Liverpool and Bootle	100	91	94
Manchester	100	93	98
Edinburgh	100	99	102
Glasgow	100	86	93

The general tendency to greater prosperity in the South-East than in the North-West, and in inland towns rather than in ports, is apparent in this table. London, the only representative of the South-East, showed an increase of 8 per cent. in numbers employed between July, 1929, and July, 1935. The large Midland towns also showed up well, Birmingham, with an increase of 12 per cent., coming out even better than London. Further North, however, Liverpool, Manchester, Sheffield and Glasgow had fewer employed than in 1929. Edinburgh, however, exceeded the 1929 level. In all these cases the qualifications enumerated above must be borne in mind.

How far have these changes in employment affected the distribution of the insured population and the number of unemployed? The following table answers this question:—

NUMBERS INSURED AND PERCENTAGE UNEMPLOYED						
	Estimated Numbers Insured aged 16-64 in July			Percentage Unemployed*		
	1929	1932	1935	1929	1932	1935
London Division	2,214,430	2,366,200	2,466,310	4.4	12.6	7.5
Birmingham	365,620	381,850	410,330	6.1	16.1	8.5
Bristol	130,980	133,880	133,870	10.3	19.7	13.4
Nottingham (including Netherfield)	108,750	116,530	119,800	9.4	15.5	12.8
Stoke	113,580	119,070	120,690	16.3	32.0	21.1
Bradford	118,260	119,200	118,660	15.7	22.3	12.0
Hull	87,560	94,080	92,820	13.2	19.6	16.5
Leeds	167,630	179,390	184,460	9.5	21.8	12.5
Newcastle-on-Tyne	108,350	117,010	118,620	15.0	27.8	22.9
Sheffield	167,030	170,570	170,280	13.7	35.1	20.3
Liverpool and Bootle	313,730	334,070	334,890	16.0	28.0	26.1
Manchester	348,980	359,970	363,870	7.0	16.1	12.7
Edinburgh	123,200	131,610	134,750	9.8	16.3	16.0
Glasgow	376,320	402,500	406,910	12.8	30.2	25.0

* i.e. the numbers unemployed expressed as a percentage of the numbers insured.

London, which had the lowest unemployment percentage in 1929, greatly increased its insured population in the following six years, but actually in 1935 had a higher percentage of unemployment than Birmingham. Although the latter city has experienced a large rise in insured population, employment has largely kept pace with "recruitment," since the unemployment percentage, last July, was almost as low as in July, 1929. This is clear evidence of the special advantage which the Midland area has gained, *inter*

alia, from the tariff. The towns in the same area which last year had a higher insured population than in 1929*, with a relatively low percentage of employment, include Coventry, Derby, Leicester, Northampton and Nottingham. Derby actually had the lowest unemployment percentage for 1935 of all the towns examined, namely 4.2. Stoke, with 21.1 per cent. of unemployment last July, has fared worse than the other Midland towns. In Yorkshire, Bradford, Halifax and Huddersfield all showed unemployment ratios of less than 12 per cent. in July, 1935.

In Lancashire, much the lowest unemployment percentage in 1935 was 12.7 at Manchester. But towns like Barrow, Preston, Salford and Stockport also had percentages below 20. Liverpool had 26.1 per cent. unemployed and a growing population. But Blackburn, Bolton, Burnley, Oldham and St. Helens all had unemployment above 20 per cent. in 1935 and declining or stagnant insured populations. In Scotland signs of recovery were meagre. Glasgow and Greenock had unemployment percentages of 25 or more last July and Paisley one of 19, despite growing insured populations. Clydebank had 26.2 per cent. unemployed, and a steeply falling insured population. Dundee had 38.9 per cent. unemployed and a falling population. Aberdeen alone had a low unemployment percentage and a steadily rising insured population. The three Welsh towns of Cardiff, Newport and Swansea had over 20 per cent. unemployed last July (Swansea 32.2) but a rising insured population. Here it may be that labour from the surrounding district areas has migrated into the large towns more easily than into other more distant areas.

If we examine these geographical changes as a whole, we may perhaps discern at least one other influence besides the drift south-eastwards, and, what is partly the same thing, the favouring of home trades by the tariff at the expense of exporting trades. It seems that there is a tendency for the *medium-sized* towns to be hardest hit. The unemployed naturally tend to migrate to a large town; but in the case of the very largest the development of new secondary industries would appear to be more feasible. Thus, on the showing made by our figures, London and Birmingham have very low unemployment percentages indeed. Manchester is much better off than Burnley, or Blackburn, or St. Helens or Oldham; Newcastle than some of the smaller neighbouring towns, and Edinburgh and Glasgow than Greenock or Dundee. This does not, of course, mean that the medium sized town *as such* has been adversely affected; but rather that a medium-sized town, which has lost its one or two exporting trades, but has not the resources or the market to embark on new industries, seems to have lacked some of the compensating factors of the larger towns.

THE NORTHERN DEMOCRACIES

The observant visitor to the three Northern democracies—Norway, Sweden and Denmark—is first of all impressed by the culture and the high material standard of living which these small countries can maintain. Here are three nations, mustering only some twenty millions of inhabitants altogether, subsisting on lands of which more than half are mountains or uncultivable, yet living at the highest standards of living which *bourgeois* Europe can afford, and possessed of considerable capital assets in the shape of mercantile marine, foreign investments, etc. Their *train de vie* is higher than that of other countries, such as Argentina, which have a comparable population. Their popular culture is much higher, and their systems of social welfare are incomparable. The neatness and good quality of their clothes; their particular understanding of hygienic problems; their universal cleanliness; the wealth of their technical labour-saving devices of all kinds; the care of their children; the excellence of their schools (most of which, together with the universities, are free of charge) and the surprisingly high level of general education; finally, their love for and knowledge of art, music and literature—these are the things which most impress the observant visitor to the North.

* It must be remembered that in the case of all towns not included in the above tables, the comparison may have been affected by changes in exchange areas.

How do they do it? How is it possible for these small countries to have reached their present position, and to have maintained and even consolidated it despite a world crisis and the competition of more powerful nations?

When we compare the natural resources of Scandinavia with those of other countries it is clear that Nature has in no way been more generous to Northern Europe than to other parts of the world. Denmark, for instance, has practically no raw materials of her own except those produced by agriculture. There is just a little timber, a little china clay, a few peat deposits; but there are no minerals, no iron or coal. Yet Denmark has not merely concentrated on the scientific development of her agriculture, her mercantile marine and her fisheries, but despite the absence of raw materials has succeeded in building up certain industries of world renown. One need only think of her ships, railway and bridge-building concerns like Burmeister and Wain; of her porcelain, pottery and silver goods; of her chemicals, vegetable oil products and textiles; and of her breweries, like Carlsberg and Tuborg.

Though not quite so poor in natural resources as Denmark (there is considerably more timber and a few minerals), Norway had to surmount colossal difficulties before she established her various industries. Mining, wood manufactures and fishing have for a long time provided a large part of the country's exports, while in the last thirty years a new big export industry—the electro-chemical and electro-metallurgical industry—has assumed impressive proportions. Food canning (especially fish), textiles, glassware and engineering deserve mention. But the greatest industrial achievement of Norway is her shipping. Without any Government support in any form whatsoever—in fact, despite heavy taxation at home and subsidised competition abroad—the Norwegians have established themselves as the third maritime nation in the world, only Great Britain and the United States having larger commercial fleets. Not only is Norway, with a population of less than three millions, quantitatively ahead of Great Powers like France, Germany and Japan, but the quality of her ships, the standard of wages, maintenance and sailors' accommodation is higher than that of almost any other nation.

Finally, there is Sweden, rightly considered *primus inter pares* among the Scandinavian nations. With an area of 173,000 square miles, i.e. roughly one and a half times that of Great Britain and Ireland, yet with a population of a little over six million people (less than that of Greater London) Sweden has reached an amazing degree of economic development. Her natural wealth is great, it is true; but it is less than that of, say, Canada or Australia. There are 32 million acres of forests in the northern part of the country, and 14 millions in the south, which together form one of the world's principal sources of soft wood. Besides her vast timber resources, which have quite naturally become the foundation of a huge wood, pulp and paper industry, Sweden has also extensive and rich iron ore deposits, various other minerals, and a small but profitable gold mine. She has many rivers and waterfalls that have been put to profitable use, providing hydro-electric power not only for Swedish industry, but even for Denmark across the Bight. The importance of hydro-electric power in the industrial development of Sweden must be emphasised, a large percentage of the factories to-day having their own stations. For several centuries Sweden's mines have provided her with ore for manufacturing iron and steel; her forests have supplied her with timber for her sawmills and with fuel for her ironworks; while her waterfalls have furnished power not only for blast furnaces, forges and sawmills, but also for every other kind of industrial plant. Sweden's industrial and economic problems have thus for generations centred on the necessity to develop high engineering technique, as well as great mechanical skill, among her workers. One need only mention S.K.F. ball bearings, or separators, or steam turbines, or Electrolux vacuum cleaners, or high-grade steel tools, as instances of Swedish mechanical and engineering inventions and specialities, to show what a unique position her standard articles hold in the world's markets to-day.

The outstanding cause of ordered prosperity in all these countries has been peace—the absence of ravaging wars

E X P O R T

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and of their crushing legacies: gigantic national debts, distorted distribution of national income, etc. Many decades of internal and external peace have enabled the Swedes and their fellow Scandinavians to turn their best brains to economic and cultural development. Good taste and common sense have guided them in this process, and the fact that they enjoy spending money and like to get the best of everything has helped to create a strong internal market. It must be realised that in the Scandinavian countries few people are rich, but fewer really poor. An extraordinarily even distribution of the national income has gradually taken place, with the result that the general standard of real incomes to-day is strikingly high.

There can be no doubt that the present prosperity of the Scandinavian countries is very largely a result of psychological forces and the broad human element. However great or limited their natural resources may be, perhaps the decisive factor is the national character and the quality of the population. All three countries are inhabited by people who possess the ability and the will to make the most of the opportunities offered them by their respective countries. Thus in Denmark, especially during the last few decades, the efficient and systematic industrialisation of agriculture was possible only because the Danish peasant is remarkably hard working and intelligent. Agriculture in Denmark demands a thorough knowledge of book-keeping and statistics, a comprehension of foreign exchange operations and of economic problems of world importance; and all this in addition to the ordinary knowledge of the peasant of tillage or cattle-breeding. It is enough to exchange a few words with a simple Danish peasant to realise at once that he has reached so high a degree of efficiency as to turn out a standard pig, cow or chicken with the same precision as Mr Ford turns out his motor cars.

The Swedish peasant has much in common with his Danish cousin, especially down in Skåne—justly considered the granary of Sweden. Industrialised as Sweden is, her agriculture remains one of the main foundations of her economic life. Moreover, the Swedish peasant—who, incidentally, has never known serfdom—has for centuries played a decisive part in the country's political life. Both the men and women seem particularly skilful with their hands; and Swedish arts and crafts, homespun textiles and rugs deservedly enjoy a wide repute. Orrefors glass, furniture, woodwork, mosaics and pewter must also be mentioned as typical specimens of Swedish artistic genius.

This flourishing economic and cultural development of Scandinavia has very deep roots in the history of her people. Democracy is there the tradition, yet it is creative, adaptable and vigorous. While the present economic and social institutions have been evolved during the last few decades, they are a continuation of Scandinavia's best traditions. These traditions, coupled with good management, have turned Sweden, Norway and Denmark into the aristocratic democracies of the North.

"IN A RELATIVE WAY"

IN its endeavour to apply the methods of mechanical science to human problems, the simple-minded nineteenth century made a fetish of uniformity, both in the political and the economic field. "Always do the same thing in the same way and call the same thing by the same name," was Jeremy Bentham's political principle. In economic matters his contemporaries and their successors developed a lively prejudice in favour of a system under which, at all times and at all places, a yard should be thirty-six inches, a pound a certain weight of gold, and a pint no more—or less—than a pint. They thought that the system ought to work in such a way that the same thing in the same place should sell at the same price. They even went so far as to extend the process to international trade, under the impression that business could be conveniently conducted on the inflexible basis of 25.22 francs or 4.86½ dollars to the £1.

We now live in an age of relativity. The rigid tenets of our predecessors have proved to be the product of unsophisticated timidity and elementary learning. What are Reichsmarks worth to-day? The answer is: It depends. If you want to spend them in hotels they are 25 to the £1, for another purpose they are 30 to the £1, for something else 20 to the £1, while nominally they are only 13 to the £1. The Konversionskasse will grind them into any shape required—Reichsmarks, Sperrmarks, Kreditmarks, Registermarks, Konversionmarks, Reisemarks, and "*Kraft durch Freude*" marks. Money, once regarded only as a veil, is now a whole wardrobe of fancy dresses.

To come nearer home; what is a gallon of milk? The cow may still be under the impression that she is delivering a homogeneous product, but ingenious Ministers of Agriculture segregate the output as it emerges. Bucket 1 for liquid consumption sells at 1s. 4d. a gallon wholesale; bucket 2 for butter and cheese at 6d. a gallon; bucket 3 for tinned cream at 5d.; bucket 4 for hokey-poke at 7½d.; bucket 5 for hocus-pocus at 8d., and so on. By the time different retail prices have been fixed for the ordinary citizen, the school child, the unemployed, and the depressed areas, a gallon is no longer a liquid measure but an *idealtypisch concept*, comprehensible only to philosophers and the higher officials of Marketing Boards.

There is no reason why this process of breaking down the absolute should not be extended over the whole economic field. We have seen that a flexible notion of aggression, sanctions, honour, or justice resolves political difficulties. So would adjustable units make for smooth working of the economic system. By all means let the Government lay down standards and proclaim its unshakable resolve to stand by them. It will thus earn the support of all righteous citizens. But then, on the precedents with which we are becoming only too painfully familiar, why should it not arrange at the same time to stamp bank notes paid out for unemployment relief and make them exchangeable at, say, 25 shillings to the £1? When these notes are passed through the accounts who will be any the worse? At any rate, who will be any the wiser? They would certainly have to be made available only for

local uses—like the French local coinages after the war which in effect constituted a buoyant tax on travellers from one part of France to another—but what of that? It would greatly accelerate the trend towards purely local prosperity and autarkic solutions of economic depression. Durham pounds specially issued for Durham unemployed might even snatch competitive advantages over Cornish (tin) coins, by a judicious lowering of the eyelids in the direction of black bourses. The "blocking" of income-tax or railway-fare revenue in Yorkshire would provide a useful reservoir of funds for those public works in Yorkshire which had been blocked by the refusal of Whitehall to make advances for roads, schools, etc., etc. What the South Wales Central Bank authorities might be able to accomplish by such blackmail—now apparently sanctified with the odour of respectability by many Great Powers—beggars imagination.

Why (except for astronomical reasons) should a day consist invariably of 24 hours or a week of seven days? Why (except in historical treatises on democracy) should one citizen be regarded as the equal of another? Like the young lady named Bright, once we go out in a relative way, we can out-Joshua Joshua and make even Time go backwards. Then the worker will earn £4 for a 48-hour week, but the pounds will exchange at 24s. plus a 2s. premium for residence in the North-East area, while working time is calculated at 50 minutes to the hour. He will be entitled to a fortnight's holiday on full pay, the fortnight consisting of 26 days if taken in June, 22 days if in July and 18 days if in August. At Easter his Good Friday starts on the previous Wednesday. He and his family can take 7d. tickets at the cinema and sit in the shilling rows. His beer will be delivered in pint bottles which hold a quart. For income-tax purposes and Marketing Board quotas he is regarded as a married man and a quarter, his two sons count as three and a half boys and his daughter as one and three-quarter girls. At 58 he will be registered as officially dead, however much longer he cares to live; and his wife can draw his insurance money and the widow's pension. Could there be any more potent influence for the preservation of social and industrial peace?

Finally, we have at last learned that debtors call the tune, and that creditors only pay the piper. May we not therefore soon see the biggest debtor of all—the State—calculating the pounds of the national debt as equal to shillings? Think how easy the financing of re-armament would then become. We could have more and more armaments for the same national debt, simply by writing-down the pounds paid to arms manufacturers every month. Indeed, the currency controllers in Threadneedle Street, Durham, South Wales, Yorkshire and Warwick might all put their heads together and rediscount each other's bills, paying the Government's suppliers in local currency. As the local currency could only be spent locally, every industrial region of England would soon become self-sufficing. And, if we believe what we are told, once this process were complete, peace would reign both between the nations and within them—just as it did in Europe in the grand old days of the feudal barons.

NOTES OF THE WEEK

"A Deficit Upon This Budget."—The Chancellor of the Exchequer, in the third reading of the Finance Bill on Friday of last week, said: "It is already made practically certain that there will be a deficit on this Budget, and the only question is what that deficit will be." This is because the rising tide of armament expenditure has already overflowed the £20 millions which the Chancellor allowed in the Budget as a margin over and above the £34 millions increase in this year's Defence Estimates over the total of last year's Estimates (excluding Supplementaries). Four Supplementaries amounting to £20,059,000 were presented on Thursday—£11,700,000 for the Air Force, £1,059,000 for the Navy, £6,600,000 for the Army, and £293,700 for

the Royal Ordnance Factories. The further increase in the R.A.F. expenditure includes £4,920,000 for aircraft and spares, £1,364,000 for munitions, and £3,164,000 for additional works, aerodromes and bases abroad. Two new cruisers, one aircraft carrier and small craft are to be laid down. And the Army's increase is mainly due to increased warlike stores and to movements and quartering of troops abroad. As Mr Chamberlain told the House, this year's defence expenditure will be £54 millions more than the expenditure of last year. For these and any further Supplementaries only £20,500,000 was provided in the Budget. Anything more can only be covered—if covered it is—from the buoyancy of the revenue.

The deficit is thus "practically certain." Mr Chamberlain concluded: "I cannot believe for a moment that this rising expenditure on armaments is going on indefinitely. We have great arrears to make up, and to make up in a short time, and during that short time we must face altogether exceptional, abnormal and phenomenal rates of expenditure." After that, he thought, the country would still have "sufficient resources to continue its upward march of progress." We find difficulty in sharing the unwonted optimism of an habitually ascetic Chancellor.

Roads for the Nation.—The Minister of Transport made a welcome announcement in the Commons on Monday. In the autumn the Government will bring forward a Bill to take over the upkeep of about 4,500 miles of trunk roads, including bridges, from the county councils, which now mainly bear that duty, to the Minister of Transport. The Bill will also give the Government power to include other roads in the national system. County and Metropolitan boroughs in England and Wales and the larger Scottish burghs will retain their powers and duties. The Government have rightly decided that without such transference to a national central authority it would be impossible to secure those uniform standards of width, surface, construction and signposting which, under the multiplicity of country authorities, were lacking at a time when the traffic on the main roads had rendered the need for them most clamant. Mr Hore-Belisha has already invited the County Councils' Association's representatives to discuss these proposals; and it is believed that they have met with general approval. It is pointed out that the number of vehicles on the roads in August of last year was 34.5 per cent. more than in August of 1931; and that, in any case, upkeep of many trunk roads has in practice devolved upon the Exchequer, owing to the block grant system and to the existence of many "corridor counties" whose authorities could not be expected to maintain main roads used merely by through traffic. The Exchequer's complete absorption of the Road Fund in the national accounts in the last Budget has rendered this step imperative. But it should only be regarded as a first step. Trunk roads are only one-tenth of our entire road system; and it is only 4,500 miles of this one-tenth are to be tackled. It is not yet known what costs are involved; but the highway authorities' five-year plan for roads envisaged the expenditure of £139 millions in that period; and the new scheme will involve urgently necessary works of improvement and standardisation, additional to that sum, the cost of which must fall on the Exchequer. The evils of ribbon development can now at least be checked. The Government are to be congratulated on their decision. We recall the French Marshal's advice: *Continuez, mon enfant, continuez!*

The New Unemployment Regulations.—The new Draft Unemployment Assistance Regulations, to replace those withdrawn as a result of public clamour at the beginning of last year, are issued as we go to press. It will be recalled that the Unemployment Act of 1934 drew a distinction between benefit, paid as a right, under the Unemployment Insurance scheme, and assistance, paid to those who had exhausted their right to benefit or, for one reason or another, were not included in the insurance scheme. This latter part of the system is administered by the Unemployment Assistance Board and it was their regulations for reducing to order the chaotic state of semi-local, semi-central administration which caused the uproar last year. The new regulations show a number of modifications in detail compared with the abortive draft, and all these modifications are in favour of the applicant. In addition to concessions on the scale of payments and on the methods of assessing both needs and means, provision is made for a considerably increased element of local discretion in varying payments. As a result, many unemployed persons, estimated at about 200,000 out of the total of 620,000 now in the Board's care, will receive increased payments. There will, however, be some reductions in payment, as the present "standstill" arrangement is that applicants are receiving assistance either at the rate specified in the first set of regulations (those withdrawn last

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year) or at the old "transitional benefit" rate, whichever is the higher; and some of the local "transitional" rates are higher than the new regulations. These reductions are to be introduced gradually, but they will undoubtedly arouse some resentment in the areas of heavy unemployment. The regulations as a whole give the impression of an honest attempt to get over a very difficult transitional period with the least possible disturbance. If the changes are criticised as minor, the Board can fairly retort that the guiding lines of policy were too narrowly drawn in the Act to leave them much freedom of discretion.

The Jarrow Sequel.—"The Jarrow scheme is dead. Long live Jarrow." That was Mr Runciman's refrain in the Commons last week. He stated that it was "considered very unlikely that a scheme for an iron and steel works (at Jarrow) will be proceeded with." That was the end of the story which we first outlined last week. The somewhat belated statement of the British Iron and Steel Federation on Tuesday sheds new light on the responsibility for this deplorable outcome. From the utterly inadequate information provided by Dr. Burgin during last week's debate on the steel duties, it was assumed—no other conclusion was possible—that certain members of the Federation were using the weapon of price associations, backed by the tariff, to "freeze out" the proposed new concern. It now transpires—both in the official statement and in a letter in *The Times* on Monday from Mr Arnold-Forster, one of those who conducted negotiations for the promoters—that the promoters voluntarily sought the co-operation of other steelmakers, "a co-operation which the (promoting) syndicate was itself anxious to establish." That clearly implied financial participation. In this way the promoters might have saved the expense of a public issue or the need to win the approval of the Bank of England. Asked to co-operate in the venture, the steelmakers replied in effect that they did not consider the commercial prospects sufficiently promising to justify diversion of production from existing works, which the Jarrow scheme undoubtedly involved. Furthermore, they were by this time—last January—heavily committed to extensions of their own plant on the Tees and elsewhere, in view of the critical shortage in semi-finished steels which had arisen, largely as a result of the Government's re-armament programme, since the Jarrow scheme was first mooted. Small wonder they preferred to invest in new plant, which was to be an extension of their own plant. Convinced, nevertheless, that Jarrow should have a "co-operative works," the Federation Executive pressed for a modified scheme which would have cut down the finishing side and concentrated largely on soft basic Bessemer billets, large quantities of which are now imported. In the last resort, therefore, the scheme collapsed because of technical disagreement on what constituted an economic unit. Quite apart from any veiled threats of ostracism—it appears that at least membership of the Billet Association would be open to the new concern—the promoters could then have pro-

ceeded on their own; but they chose not to. In his letter, Mr Arnold-Forster explained that he attacked no one in the industry. After the Government's reiterated declarations that the promotion of a new works at Jarrow is a matter of national importance, responsibility now devolves wholly on them. They should examine the modified scheme in which one or more members of the Federation were prepared to participate on a commercial basis, and ensure that the necessary capital is forthcoming and the work begun.

A Policy for Beef.—After protracted negotiations, the Minister of Agriculture at last outlined his long-term policy for "safeguarding" the British livestock industry on Monday. In the first place, he proposes to continue for an indefinite period the fat cattle subsidy, first adopted as a temporary expedient in 1934, pending the formulation of a long-term policy. But the subsidy is now to be raised by about £1,000,000 annually to a maximum of £5,000,000 a year, and graduated to stimulate the production of high-quality beef. As a partial offset to the cost of this measure, a duty of 3d. per lb. will be imposed on imports of beef and veal from foreign sources. Dominion supplies will continue to enjoy the privilege of free entry. Finally, beef imports from all sources will be subject to what is quaintly described as a "voluntary" quantitative restriction. To this end the Government will constitute an Empire Meat Council, representing the United Kingdom and the Dominions, and an International Meat Conference, upon which the foreign countries concerned (i.e., Argentina, Uruguay and Brazil) will also be represented. Lest these bodies should fail in their task of inducing exporting countries to acquiesce in the proposed "voluntary" restriction, the Government are now to seek general powers to regulate all imports of livestock and meat into this country. Meanwhile, since these proposals cannot be put into operation immediately, Parliament will be invited before the summer recess to continue the existing cattle subsidy arrangements till July 31, 1937. Thus the British beef producer will receive a handsome subvention from the taxpayers, *via* the Exchequer; and it would not surprise us if he also reaps a further benefit at the expense of the consumer from a rise in the price of his product. Mutton and lamb are excluded from the present arrangements, but if the Government decides that it is expedient to "plan" this market, too, the plight of the South American cattle breeder will be desperate indeed. Argentina, which is one of the most important purchasers of British textiles and machinery, is now to be sacrificed on the altar of Imperial preference. Even if the price of beef does not rise here, she will have to choose between losing the British market or reducing the prices of her beef by 3d. per lb. in order barely to retain what she has hitherto had. If Argentine meat companies do the latter they may lose their profit; so they are urging their Government to block payments to Britain. Mr Elliot's declaration of policy seems to have been deliberately designed to prevent his *confrère*, Mr. Runciman, from renewing the "Roca" agreement, to invite Argentina to block or reduce transfers of interest and dividends on the £500 millions of British capital in Argentina, to deal British shipping yet another blow (and so to increase the "tramp-shipping" subsidy?) and to hit the depressed areas of Britain where our exporting industries are situated. It all seems a queer way of "safeguarding" the farmers who raise just one-half of our annual supplies of beef.

The Commons Discuss Poverty.—On a Labour Party motion the Commons on Wednesday discussed the evidence of considerable malnutrition in this country, especially in the "depressed areas." The mover, Mr T. Johnston, adduced such evidence as the following. Dr. M'Gonigle, Medical Officer for Stockton-on-Tees, found 83 per cent. of 2,676 children in Durham County showing definite signs of rickets. Ministry of Health experts, sent to check Dr. Walker's conclusion of a progressive deterioration in public health between the Tees and the Tyne, discovered that among 1,300 poor children in Sunderland 20 per cent. were suffering from subnormality or malnutrition. Sir John Orr concludes that 50 per cent. of our population

lives below an *optimum* diet costing only 10s. per head per week; and 20 per cent. lives below even the *minimum* diet (not the optimum) laid down by the British Medical Association in 1932. Dr. M'Gonigle, of Stockton-on-Tees, publishes the results of his inquiries into five income groups as follows:—

Group	Weekly Income (Shillings)	Required for B.M.A. Minimum in 1932	Required for same at Stockton in 1935	Available for Food after Rent, Fuel, Clothing, etc.
		£ s. d.	£ s. d.	£ s. d.
1.....	25-35	0 19 0½	1 2 10½	0 13 5
2.....	35-45	1 3 7½	1 8 3½	0 16 10
3.....	45-55	1 6 7½	1 11 11½	1 1 9
4.....	55-65	1 5 9½	1 10 11½	1 5 2
5.....	70-80	1 4 1½	1 8 11	1 12 7

Many speakers in the debate urged that the great majority of our population falls into the first three income groups only. (Mr Colin Clark recently estimated that 60 per cent. of all income receivers had less than 48s. per week.) Against the cogent evidence of malnutrition now accumulating from almost all industrial areas in the country, Sir Kingsley Wood's pæan on the theme of domestic recovery (which he claimed as a Government success), and Mr Elliot's vital statistics and his promise to see what he could do to make cheaper milk available in depressed areas, will evoke neither optimism nor comfort. Mr. Elliot's assisted, but still unsatisfied, farmers and their workers are offset by areas in which the bulk of our unemployed can scarcely maintain health and efficiency. The House on Wednesday looked first on this picture, then on that, according to Party sympathies.

The Danzig Ramp.—Last Saturday, the League Assembly which invited the League's High Commissioner at Danzig, Mr Sean Lester, and the Nazi President of the Danzig Senate, Dr. Greiser, to report on the situation there, was the scene of a vulgar farce. Such a piece of hooliganism as Dr. Greiser perpetrated would be best disposed of by being ignored (as Mr Eden ignored the school-boy gesture) if it were not fraught—as, unhappily, it is—with grave dangers of a European explosion. On Saturday evening, the Nazi President of the Danzig Senate hurled defiance at the League and abuse at its High Commissioner, Mr Lester (Irish Free State). Mr Lester's sole offence has been to carry out, in ever more difficult circumstances, the duties assigned to the High Commissioner in the Peace Treaty, and defined by the practice of the fifteen years and more during which the present regime in Danzig has been in force. This regime was set up for the purpose of ensuring Poland's liberty of access to the sea across the Free City's territory; but incidentally it also assured to the citizens of Danzig certain political liberties which have become both precious and contentious at a time when civil and religious liberties have been extinguished in almost every other community of German nationality. No doubt what the Nazis would like to do at the moment would be to overthrow the constitution of Danzig in so far as it seems to protect the non-Nazi half of the German population, while leaving untrammelled Poland's treaty rights until further notice. The Polish Government, however, to whom the task of dealing with Herr Greiser has been referred by the League, have, very reasonably, asked for "further and better particulars" from Berlin, and have declared that, if the Danzig constitution is overthrown for one purpose it cannot long be maintained for any other. Even Colonel Beck's complacency towards Nazidom does not, apparently, go the length of tolerating in Danzig a new Nazi drive towards *Gleichschaltung*. Meanwhile, Dr. Greiser's performance at Geneva has been hailed with acclamation in the Press of the Reich. The "snook-cocking" hero has received an ovation upon his return to Danzig (his journeys, both coming and going, were broken at Berlin). And this has been the signal for a new volley of repressive measures against the non-Nazi Germans of Danzig, beginning with another attack upon the local opposition newspapers. Undoubtedly Herr Greiser is authorised in making his public boast that, in all that he is doing, he has the Third Reich behind him. And thus, in spite of the German-Polish Pact of 1934, Danzig has once again become one of the danger points of Europe.

An Anglo-Russian Altercation.—Last week it seemed that Mr Eden had succeeded in damping down the Anglo-Russian disagreement which had flared up at Montreux over the new regime in the Straits. This week, however, the trouble has broken out again; and the difference of views and aims has been driven home in a British draft for a new Straits Convention. For the outstanding features in this draft are the points in which it traverses all the Russian, French and Turkish *desiderata*. What is the Government—or what are the Admiralty—driving at? We are confronted, at once, with a few disturbing questions. Do His Majesty's Government in the United Kingdom not contemplate co-operation with the Government of our Russian fellow State-member of the League for salvaging as much as can still be salvaged of the Covenant in Europe? There is no mention of the League in the British draft for a new Straits Convention (unless, perchance, the humorously unfortunate phrase about sending British naval tonnage into the Black Sea for "humanitarian" purposes is intended to mean action in fulfilment of League obligations). His Majesty's Government wish to retain the right to send as high a figure of non-riparian naval tonnage as possible into the Black Sea, while keeping down to a minimum the amount of naval tonnage the Russians will be at liberty to send out into the Mediterranean. This strongly suggests that the Government contemplate a necessity to fight in some war of the future on the opposite side to Russia. Is it to be a League war or a private war? If it is a private war, do the Government contemplate an alliance with—or a friendly neutrality towards—Germany? Germany, assuredly, is the Power whose turn is going to be served by the present Anglo-Russian altercation. It is a futile altercation; for, in the Russian alteration, Turkey is going to look to present state of the League, Turkey is going to establish Russia for protection, and is therefore going to establish in the Straits the regime that Russia wants. Why are the Government resisting a Turco-Russian policy which we have neither interest in thwarting nor any power to frustrate?

Fog Over Austria.—Austria lies enveloped in a political fog. Does Dr. Schuschnigg contemplate a restoration of the Habsburgs as an imminent act, or only, Hungarian fashion, as a theoretical postulate? Is Signor Mussolini lukewarm, indifferent or inimical to the hypothetical plan? Is there any possibility that Herr Hitler will accord it a provisional toleration in exchange for the insertion of a Nazi wedge into the hitherto more or less solid part of Dr. Schuschnigg's Cabinet? Are the three States-members of the Little Entente as firmly opposed to a Habsburg restoration? Is Czechoslovakia paralysed by terror and Rumania? Is Czechoslovakia soothed by distance, while Yugoslavia is being spurred into a frenzy by the fear that a Habsburg monarch re-established on a Viennese throne might work like a lode-stone upon the feelings of the Croats, with their tradition of loyalty to the older and grander dynasty? If Yugoslavia is on the warpath, how far does she mean to go? Is there any truth in the rumour (commended by the promptness of the official denial) that Yugoslavia has actually applied to France for a promise of military assistance against Italy in the event of a Habsburg *fait accompli* in the Hofburg? And there is a sensational sequel to the story. We can scarcely credit the statement that the Yugoslav Government, having received a rebuff from France, has addressed itself to Germany. If it is true, Herr Hitler may let fly in Austria and in Danzig simultaneously. Or he may behave like a prudent housekeeper in hoarding his slender store of possibly peaceful stunts and doling them out at intervals of not less than six months. We cannot guess what Herr Hitler had in mind on July 3rd when he announced to a quarter of a million of his followers—assembled at Weimar to celebrate the tenth anniversary of the first Nazi party rally—that "before the word peace we must always place the word honour." Is Austria one of the places where honour might come before peace in the near future? The present regime in Austria is like a pagoda in an earthquake. Through a mist of uncertainty, we can catch a glimpse of swaying roofs and crashing walls. But if ruin comes we cannot guess what will be the direction in which the tottering pile will fall.

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Active Commodity Markets.—After a period of quietude, several of the principal commodity markets have been galvanised into activity during the past few days. In sympathy with Chicago, Liverpool wheat futures registered an abrupt rise on Thursday of last week and have since continued their upward trend, with certain profit-taking pauses; July futures are consequently almost 1s. per cent. dearer than a month ago. The movement was due to continued reports of damage to the United States spring wheat crop, owing to drought. Moreover, the drought has begun to affect the prairie provinces of Canada, and Dominion production is likely to suffer in the absence of early and generous rainfall. But, while the statistical position of the commodity—which showed a substantial improvement following last year's drought and rust—has undoubtedly been further strengthened in recent weeks, there is not the slightest danger of a world shortage of "the golden grain." It would therefore be rash to speculate upon the continuance of the present trend of wheat prices. The market in raw cotton, which has been buoyant for several weeks, received further stimulus on Wednesday from a bullish estimate of the United States Department of Agriculture. It was recently anticipated that the area under cotton in the United States this year would show an increase of some 15 per cent. over the 1935 acreage; but this week's estimate puts the area at 30,621,000 acres for the present season, or only 10 per cent. in excess of the 1935 figure. On receipt of this news the New York and Liverpool markets advanced by almost 3d. per lb. Although no official estimate is available, the yield from the present acreage may be tentatively put at 11,000,000 bales. Since world consumption of American cotton is at present equal to about 12,500,000 bales per annum, there seems little likelihood of lower prices in the near future. A third area of excitement this week has been the tin market, which was taken completely by surprise on Monday evening, when an announcement concerning the future of Bolivian arrears of shipments was made, following a secret meeting of the International Tin Committee. It was reported that Bolivia had surrendered her arrears of over 10,000 tons and that the quotas for the third quarter of this year would consequently be reduced from 90 to 75 per cent. of the standard tonnages, the signatory countries (except Bolivia) being granted an additional quota of 15 per cent., as their first share in the Bolivian arrears. The "adhering" countries also received a special quota and it is unlikely that the remainder of the arrears will be made up in the last quarter of the year. After falling last Friday to the lowest level for over three years, tin prices have since gained some £14 per ton. The International Tin Committee has undoubtedly strengthened its tactical position during the past few weeks, and it is now regarded as probable that it will be able to reach an early agreement with Siam. In that event, much of the uncertainty about the future of the restriction scheme,

which has been hanging over the market recently, would be removed. It may not be too much to hope that the tin market may return to more normal conditions in the fairly near future.

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Unemployment in June.—That the tide of recovery continues on the flood is suggested by the June unemployment returns. On June 22nd the estimated number of insured persons aged 16 to 64 in employment in Great Britain was 10,832,000—1,000 more than in May and 441,000 in excess of last year's corresponding total. These figures, which are still exclusive of agricultural workers, show that employment has improved by 4 per cent. during the past twelve months. In this period the number of registered unemployed has fallen by 297,434 to a present total of 1,702,676, which includes 1,362,190 men, 251,616 women and 88,870 juveniles. Of the persons on the registers at June 22nd about 47 per cent. were applicants for insurance benefit, and about 38 per cent. for unemployment allowances; some 15 per cent. were, for various reasons, ineligible for benefit of either kind. How the different industries have fared is shown below.

NUMBER OF INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN

	June 24, 1935	May 25, 1936	June 22, 1936
Coal Mining.....	300,079	216,676	274,229
Iron and Steel manufacturing.....	41,384	30,244	28,219
Engineering.....	88,522	60,308	57,537
Metal goods manufacture.....	50,634	39,804	39,155
Shipbuilding and repairing.....	63,559	49,480	44,801
Motor vehicles, cycles, and aircraft.....	28,415	14,772	15,504
Cotton.....	98,285	70,830	68,574
Woolen and worsted.....	32,971	21,828	24,593
Tailoring.....	21,649	12,485	20,101
Boot and shoe.....	20,190	15,165	17,045
Building.....	127,847	103,297	104,256
Public Works contracting.....	114,716	110,169	108,168
Road transport.....	35,430	32,149	29,800
Dock, harbour, etc., service.....	49,656	48,942	45,783
Hotel, Boarding-house service.....	52,051	60,003	51,083
Distributive Trades.....	200,380	194,834	180,884
All persons registered.....	2,000,110	1,705,042	1,702,676

The expansion of activity in the heavy industries was reflected last month in falling unemployment in iron and steel, engineering and shipbuilding, while hotel and boarding house service and the distributive trades registered a seasonal improvement. Seasonal factors also account for an increase in unemployment in the tailoring, footwear, wool textile and automobile industries. The most notable increase occurred in coalmining, but this was mainly due to a temporary stoppage at the Yorkshire pits in connection with the annual demonstration of the Yorkshire Miners' Association. The same factor was principally responsible for a rise of 32,740 in the number of unemployed in the North-Eastern division—which recorded the largest fall a month ago. In all other divisions except the Midlands unemployment again registered a decline during June.

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Shipping Freight Index.—As measured by the monthly index the general level of whole cargo shipping freights rose by 2.0 per cent. during June, following a fall of 1.2 per cent. in May. The current figure of 90.6 compares with 84.0 in June, 1935 and 83.8 in June, 1934. Details of the index number are as follows:—

(1898-1913 = 100)

	Average, 1913	June, 1935	April, 1936	May, 1936	June, 1936
European waters.....	110.0	91.4	86.1	88.0	93.3
North America.....	113.1	79.8	90.9	89.0	89.6
South America.....	123.4	82.4	87.5	85.2	92.1
India.....	106.3	88.5	95.0	92.5	91.2
Far East and Pacific.....	117.4	77.7	87.3	85.6	84.7
Australia.....	127.9	86.4	92.6	92.6	92.6
Total.....	116.3	84.0	89.9	88.8	90.6

Freights are a little firmer, and there has, perhaps, been a better demand for tonnage for the Baltic. Otherwise there is no real increase in activity, and sailings to France were affected during June by the French strikes. Movements of the various sections are as follow.

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade.....	84.2	+ 3.3	South America:—		
Bay—Outwards.....	110.1	+ 5.5	Outwards.....	76.3	+15.0
Bay—Homewards.....	103.2	+11.3	Homewards.....	108.0	- 1.0
Mediterranean:—			India—Outwards.....	77.2	...
Outwards.....	83.5	+ 3.2	India—Homewards.....	105.2	- 2.5
Homewards.....	94.5	+ 5.3	Far East, etc.....	84.7	- 0.9
North America.....	89.6	+ 0.6	Australia.....	92.6	...

Expressed as a percentage of the average for 1913, the complete figure of our index number for June is 77.8, compared with 76.3 for May and 72.2 for June, 1935.

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Sterling and International Prices.—The past fortnight has witnessed a sharp rise in the price of primary products. The *Economist's* primary product index numbers have risen by 1.7 per cent. for British prices and by 5.6 per cent. for American prices, and in the United States the increase is mainly in grain prices. The complete index numbers, which include a certain number of semi-finished products, have naturally not risen by as much. In England the increase in the *Economist's* figure is 0.6 per cent., while the Irving Fisher American figure has also risen by 0.6 per cent. French wholesale prices have risen by 1.3 per cent., a movement which neutralises the previous fortnight's decline. German wholesale prices are unchanged.

SEPTEMBER 25, 1931 = 100

Date	Economist Indices			U.S.A. Irving Fisher	France, Statistique Générale	Italy, Mila Chamber of Commerce	Germany, Statistische Rechen- amt
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)				
1932							
Jan. 27th	108.2	115.7	93.8	140.9	93.5	95.8	91.6
Apr. 20th	103.8	105.4	89.6	136.5	88.3	91.3	90.9
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.6
Oct. 19th	103.1	112.3	84.0	143.8	88.6	92.7	88.4
1933							
Jan. 25th	101.8	107.7	78.0	142.6	80.5	90.2	89.8
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	83.4
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.6
Oct. 18th	106.4	112.8	109.1	135.4	103.7	87.5	86.1
1934							
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	88.5
Apr. 25th	108.2	119.8	125.3	150.5	106.0	85.4	87.7
July 18th	109.5	124.8	136.7	162.4	113.2	91.4	91.1
Oct. 24th	107.9	124.2	146.2	164.5	114.8	79.8	93.0
1935							
Jan. 24th	110.8	124.6	152.4	167.2	118.9	79.1	92.8
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7
July 31st	112.7	128.7	148.2	165.6	120.2	75.9	92.6
Oct. 23rd	118.4	138.6	144.9	166.4	123.7	79.1	94.6
1936							
Jan. 1st	118.1	131.2	143.3	169.2	121.8	80.7	94.9
Jan. 28th	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 28th	117.4	132.6	145.0	166.0	120.7	85.2	95.2
Mar. 11th	117.3	134.5	144.4	166.0	119.5	85.6	95.2
Mar. 25th	117.4	133.9	144.3	165.8	119.6	85.2	95.2
Apr. 15th	117.7	133.3	145.1	165.8	119.8	85.0	95.3
Apr. 28th	117.3	132.8	143.2	165.8	119.2	85.0	95.4
May 13th	116.7	131.0	141.8	164.8	117.4	85.2	95.3
May 27th	115.5	130.1	140.5	164.3	117.7	85.2	95.4
June 10th	115.7	130.6	141.1	163.3	119.3	85.4	95.7
June 24th	115.9	132.2	147.0	163.2	119.8	84.1	95.5
July 8th	116.9	135.4	155.2	163.6	120.5	85.2	95.5

* These figures relate to July 1st.

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

"ECONOMIST" INDEX
(1927 = 100)

	Sept. 18, 1931	June 10, 1936	June 24, 1936	July 8, 1936
Cereals and meat.....	64.5	72.8	72.8	72.9
Other foods.....	62.2	59.1	58.8	59.5
Textiles.....	43.7	58.0	59.2	59.9
Minerals.....	67.4	80.6	80.8	81.3
Miscellaneous.....	65.8	77.3	77.8	78.1
Complete index ..	60.4	69.9	70.2	70.6
1913 = 100	83.1	96.1	96.6	97.1
1924 = 100	52.2	60.4	60.6	61.0

In the cereals and meat group there was sharp advances in wheat, flour, beef (both Argentine and English), and in English mutton. There were heavy falls in English barley and potatoes. The rise in the other food group is due to increases in the price of butter and coco-oil. Wool and jute were weaker. Mineral price increases were mainly in pig iron and house coal. Non-ferrous metals were irregular. Among miscellaneous materials there were advances in linseed oil and rubber.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

BUSINESS SLOWLY IMPROVING

The main business indices of the Board of Governors of the Federal Reserve System for May show little change from April, continuing at levels which favourably compare with the period of so-called prosperity before the boom of 1928-29. A sharp rise occurred in the value of department store sales compared with those in April. Within the index of manufacturing output, the chief developments were an increase in steel, and declines in food products, automobile and manufactured tobacco production (all seasonally adjusted). In the mineral group the output of anthracite, zinc and lead rose, and that of bituminous coal fell. The indices follow:—

U.S. BUSINESS INDICES

(1923-5 = 100; adjusted for season)

	May, 1935	April, 1936	May, 1936
Industrial production (total).....	85	100	101
Manufactures.....	84	99	100
Minerals.....	89	105	102
Construction Contracts.....	27	47	46
Residential.....	21	30	33
All other.....	32	60	57
Factory employment.....	81.4	84.9	85.7
Factory payrolls*.....	68.5	77.9	79.2
Freight car loadings.....	61	69	70
Department store sales.....	76	81	88

* Without seasonal adjustment

These figures paint no picture of seasonal recession which some had anticipated for this summer, nor is such a development visible in the weekly June figures. Carloadings for the week ended June 20th totalled 690,716; the total (without less-than-carload) was 28.7 per cent. ahead of the same week a year earlier, which was a better comparison than had been registered during the two previous weeks of June. Automobile production during the first three weeks of June was running 100,000 per week compared with about 90,000 during the weeks of June last year. Steel operations were at 70 per cent. of capacity and have been estimated at a level several points higher during the last week of the month. Electric power output in the week ended June 20th was 2,005,243,000 kilowatt hours, the highest figure ever reached, and 13 per cent. ahead of the same week of 1935. The difficulties of the power companies in their relations with Government are not having any perceptible effect on their volume of business. The central region of the country mainly accounts for the favourable power production, as shown in the following table:—

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Geographical Region	Week- ended May 30, 1936	Week- ended June 6, 1936	Week- ended June 13, 1936	Week- ended June 20, 1936
New England.....	18.7	12.7	14.5	15.4
Middle Atlantic.....	13.4	8.1	11.1	9.3
Central Industrial.....	21.7	16.3	20.3	17.9
West Central.....	18.3	14.9	14.0	17.1
Southern States.....	20.4	15.5	17.0	16.9
Rocky Mountain.....	22.8	18.9	17.5	22.7
Pacific Coast.....	11.9	4.6	6.7	7.5
Total United States.....	18.0	12.8	14.2	13.0

There is now some talk of easing-off in the amount of business activity during the third quarter, though it is not generally expected that this will be of much consequence if it does occur. Steel activity is the focal point, it being reasonably clear that some June production was taken from the third quarter by buyers in order to avoid the price increase which was scheduled to take effect early in July. The closing down of automobile plant in preparation for new models will occur in the autumn, and may be more



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extensive than that of last year. The effect of veterans' spending following the distribution of the bonus bonds on June 15th is still an enigma. No noteworthy developments have yet been observable, though sufficient time probably has not yet elapsed.

DROUGHT AND STEEL

The steel industry is the centre of a major labour struggle which promises to continue for some months. It may prove an important factor in the political campaign, and, in the course of time, in the shape of the business curve. A group of labour leaders headed by Mr John Lewis, leader of the coal miners, and calling themselves the Committee for Industrial Organisation, are seeking to unionise the steel industry. This is the third major attempt to this end, previous efforts, including strikes, having been made in 1892 and 1919. The current drive is well financed; the group is reported to have \$500,000 available for this purpose. The management of the industry is actively combating the move, speaking vigorously through the trade association, the American Iron and Steel Institute, and making various overtures to employees, including the possibility of an increase in pay. Mr Lewis is seeking to form a vertical, or industry union. This has caused a break with Mr William Green, president of the American Federation of Labour, and the leaders who support him, the American Federation of Labour having always adhered to craft unions.

A strike is one of the traditional methods used during a unionisation drive in this country. A strike during the campaign, however, would probably adversely affect Mr Roosevelt's chance of re-election, since his critics would charge the disturbance to his pro-labour policies. Mr Lewis is an ardent supporter of the President, and is rumoured to be desirous of official position. The progress of the steel unionisation drive, therefore, is fraught with important possibilities to the campaign, the shape of the business curve during the next several months, and to the organised labour movement in this country.

The drought is another important problem in the business outlook for the latter half of this year. Crops are virtually ruined in western, North and South Dakota, and eastern Montana. Nearly all of the northern Mississippi Valley has had subnormal moisture, and unless rains come during July damage will be widespread. [The effects of the drought, now severe, are discussed in a Note on page 59.] It is quite improbable that the United States, will export any grain this year. Should dryness continue through July, to the harm of the corn crop and other animal feeds, business activity may well be affected by the diminution of agricultural purchases. During the first five months of this year total cash income from agricultural marketings and Government payments to agriculturists is estimated by the Bureau of Agricultural Economics at \$2,638 millions, compared with \$2,488 millions during the same period of 1935; Government payments accounted for \$105 millions and \$256 millions respectively.

Discussion of Federal Reserve action to increase the member bank reserve requirements has again been revived, and such a move during the third quarter is expected by some. The rise, if it occurs, is not expected to exceed 25 per cent. This would leave excess reserves in the neighbourhood of \$2,000 millions. Except for some disturbance to sentiment, it is difficult to see how such a development would have any effect of consequence upon the money markets.

NEW YORK, June 30.

FRANCE

POPULAR FRONT AND PARLIAMENT

THE Blum Government has contrived to get through both Chambers without great difficulty all the Bills it judged important. The law establishing a National Wheat Board was adopted in the Chamber by 375 votes to 215. At no time was there any vehement utterance on the part of the Opposition; and in any case parliamentary opinion is that the Blum Government cannot be overturned before it has had the chance to carry out its experiments. Even if the Government were scuttled as a result of some extraordinary manoeuvre in the Chamber, it would have to be reconstituted forthwith on the same basis.

France's Government is now "broad based upon her people's will" rather than upon that of Parliament. It has nothing to fear from the Right. The dangers to it are on the Left; and they would become redoubtable perils if the Communist elements contrived to swamp the Popular Front Government and either to sweep it towards extreme measures or to paralyse it. Though it has adhered to the Popular Front programme, the Communist Party does not consider itself bound by that "minimum" programme. It takes its own initiatives; for example, it advocates a capital levy, while M. Vincent Auriol, the Finance Minister, has categorically rejected it. The Communists also keep up a certain agitation among the working class, while M. Salengro, the Minister of the Interior, persistently pleads with the workers to remain passive and calm. A few incidents still occur; notably the action of the employers' associations in the textile industry of the Nord *Département*, who went to protest to the Prefect of the *Département* against the persistent agitation reported from some factories where, notwithstanding, agreements have been concluded between employers and workers. The employers' associations told the Prefect that if the high-handed activities of the workers continued the employers would have to envisage other measures than those hitherto adopted.

GOVERNMENT AND FINANCE

The persistence of these sectional troubles, events at Geneva and the Danzig crisis all explain the hesitancy shown by French capitalists in the last few days. The Bill requiring declaration of all assets abroad, of which the Government has secured adoption by the Chamber, but no discussion, as yet, by the Senate, has induced a few capitalists to repatriate the funds they had in London, Brussels and Geneva. Such repatriation, however, has not yet reached any considerable figures. At the same time, the Rentes have moved up, a rise which is the condition precedent of success for M. Vincent Auriol's proposed new issue of "baby-bonds."

This loan may be as large as Frs. 10,000 millions in several issues. It is to be put out in small denominations of one-year bonds. The Finance Minister first envisaged bonds at short term, i.e. three or six months; but on the urgent request of M. Caillaux, the Senate Finance Commission demanded that the bonds should be of one year's usance. In fact, many politicians nurse a kind of phobia against the floating debt. They fear that in a crisis the holders of really short-term bonds would be able to demand repayment of the securities that fell due in that period. That is precisely what happened with the three-months National Defence Bonds in 1925 and 1926. This ominous precedent decided the Government to stick to one-year bonds for their new loan.

PARIS, July 8.

GERMANY

THE LEAGUE AND GERMAN IRREDENTISM

A RENEWED campaign against the League of Nations and an increase of irredentism are the chief features of present German foreign policy as conveyed by the Press. During the early months of the Abyssinian campaign the League of Nations had to be treated impartially, since any general hostility might have been construed as a departure from neutrality in the League's dispute with Italy; and after March Herr Hitler's conditional proposal to return to Geneva obviously excluded any overt anti-League propaganda. Although formally the latter factor in German policy still remains, the League is once more being assailed and ridiculed. Thereby Germany is being brought into an ambiguous position. It is not easy for her to negotiate to rejoin the League when she is condemning it outright. Possibly the plans for League reform, unclear and unpromising as they are, may produce more favourable conditions for Germany's re-entry; meanwhile it seems that German interest demands either a powerful League, managed exclusively by a Great Power group, in which Germany would be influential, or an entirely helpless, academic League without any executive functions. Either solution would accord with the antagonism to effective and impartial internationalism, which is so deeply rooted in National-Socialism.

Meanwhile, no doubt is possible that Herr Greiser's anti-League utterances on the Danzig question were directed from Berlin. The same is true of his scarcely veiled presentation of Danzig's case as one of German irredentism. In general the irredentist agitation has of late become wider, though perhaps no more intense. The Reich Government could not tolerate direct plans by its publicists to annex foreign territory inhabited by German-speaking people. Any such plans would have justified resentment by foreign Governments. The new irredentism takes the less provocative form of a natural enough interest in the culture of German-speaking populations everywhere. This interest goes very far, embracing small German colonies in Russia and in the Balkans, and even the Flemish-speaking population of Belgium. The chief irredentist objects are Latvia, where German cultural influence is rapidly disappearing, and Czechoslovakia. In view of the present alliance systems and the increase in Russia's power, German agitation is not likely to take actively aggressive forms; but the suspicions harboured by neighbouring countries are increasing. They declare themselves in an often exaggerated sensitivity, of which the suppression by Czechoslovakia of an innocent Olympic Games map, which schematically regulated the Bohemian frontier, is characteristic.

"BUSINESS AS USUAL"

The business situation is little changed. The Reichs-Kredit-Gesellschaft's half-yearly report is optimistic about the trade outlook for Germany and the world; and, probably with reason, it credits Germany with much the greatest recovery in industrial production since the bottom of the depression was reached.

Consumption of electricity in May was 15 per cent. above that of May, 1935. The receipts of the Railways Corporation in the first half-year were 9.2 per cent. above those of the first half of 1935; from goods they were 12.3 per cent. up, and from passenger fares 5.5 per cent. up. The index of output of capital goods (1928 = 100) for April is 110.0, and excluding the Saar 107.3. The increase in production within this group of metal and building material trades has of late slackened, whereas the increase in finished products (machinery, ships, motor cars and buildings), which began later, has been proceeding ever more rapidly. The production index for these in the first quarter (1928 = 100) was 94.2, as against a low record in 1933 of 26.9; whereas for metals and building materials the index is 103.8, against a low record in 1932 of 41.2.

The export of capital goods has risen considerably this year, cement leading with 243,000 tons in the first five months, against 196,000 tons in 1935 and 82,000 tons in 1934. The increase is entirely to overseas countries, including the Irish Free State. Since the depression, cement output has increased fivefold. The film industry has recovered

at home, and there are signs of a revival in export. The production of cellulose wool in 1935 is estimated at 15½ million kilogrammes, against 7 million kilogrammes in 1934; and estimates for 1936 are as high as 40 million kilogrammes. The price is around Rm. 1.70 per kilogramme, which is cheaper than fine wool and rayon, but dearer than cotton and inferior wools. It is already partially compulsory to mix this substitute with natural materials, and the industry expects an extension of this compulsion.

COMPANIES AND THEIR ASSETS

A discussion has arisen in the Press about the heterogeneous ramification of industry. This is a result of the excessive financial liquidity of industrial concerns and of the restrictions on starting new businesses and on increasing production capacity. The restrictions are now in force in about thirty industrial branches. Prudence and the Loan-Stock Law have compelled many companies to pay out less of their profits in dividends than they might have done; and they can find no normal investments. Many of them are evading the prohibitions against expansion in their own domains by acquiring large interests in entirely alien undertakings. The Nazi Party's suspicion of "capitalism" plays a rôle in this, for Party organs are violently attacking the companies for their alleged slackness in subscribing to the new Reich loan. "Concerns" embracing several unrelated branches of industry are of course not new. Some years back they led to financial troubles, including the collapse of the biggest German brewery. But under the influence of the factors mentioned above, the "concern" movement has revived. Potash companies, for instance, have acquired ironworks; and public utility companies, copper works. In contrast to the financially liquid companies which are eager to buy others up, stand weak companies which have not recovered from the depression, and are ready to sell part of their undertakings in order to extinguish their debts.

CREDIT AND MARKETS

Subscription to the Rm. 500 millions offered in the market of the Reich's new Rm. 700 millions 4½ per cent. loan is reported to have proceeded satisfactorily. The definitive return of Reich tax revenue in the financial year 1935-36 shows Rm. 9,654 millions, against Rm. 8,211 millions in 1934-35. Subventions to the States were Rm. 2,591 millions, against Rm. 2,495 millions. Rm. 318 millions of tax credit certificates were accepted in payment of taxes. The yield of direct taxes and of taxes on business rose from Rm. 4,958 millions to Rm. 6,176 millions; of Customs and Excise, from Rm. 3,253 millions to Rm. 3,478 millions; and of Customs alone, from Rm. 1,149 millions to Rm. 1,249 millions. The Reich Loan seriously affected the money market, and the customary abundance of cash after the turn of the month was absent. The day-loan rate has remained at the level of the end of June: 3-3½ per cent. The Reichsbank's credits and investments correspondingly increased by the large sum of Rm. 805 millions in the last week of June, and its note circulation by Rm. 443 millions. Accordingly, its deposits rose by Rm. 221 millions. This increase largely represents cash held in preparation for payments on the Loan.

BERLIN, July 8.

HOLLAND

MONEY AND EXCHANGES EASIER

A MARKED degree of relaxation has set in in both the foreign exchange market and in the money market. Dollars, at a rate of 1.46½, again came below the gold export point. Sterling, too, dropped to 7.35½, a low level which has not been reached for a considerable time. This is largely attributable to the situation in France, but, on the other hand, domestic factors have been a contributory cause. The redemption of the 25 million dollar loan of the Batavian Petroleum Company has had some influence, as it was largely held in the Netherlands. This induced a plentiful supply of dollars, involving in turn additional liquidity on the money market. The rate for prolongation money even dropped to 2½ per cent. and call money

is quoted around the level of 1 per cent. The stocks of gold of the Netherlands Bank show no further depletion; they even rose by 5 million guilders in the course of the past week. The Netherlands Bank, despite the approach of the end-of-month settlements for June, therefore decided to reduce the official discount rate once again to 3½ per cent. It is expected that further reductions will follow. In the course of a little more than a year the discount rate of the Netherlands Bank has been changed no less than 21 times, ranging between 3 and 6 per cent.

The recent period of tension on the foreign exchange market has resulted in a substantial drain on the Bank's gold stocks. The stocks of gold stood at their highest figure this year round about the close of the Bank's financial year (March 31st), when they amounted to 774,654,000 guilders; whereas the weekly return on June 15th showed 588,823,418 guilders, the lowest point so far recorded. It may be recalled that last year, towards the end of July, the Bank's stocks of gold were depleted by 142,000,000 guilders in the course of a single week.

THE CENTRAL BANK CHARTER

A Bill has been introduced into Parliament providing for a modification in the charter of the Netherlands Bank. This is a measure of some importance. It provides new rules for the allotment of profits and stricter regulations on the building-up of reserves. It is to give the bank authority to pursue a so-called open market policy. By virtue of the present Banking Law, the Netherlands Bank is only permitted to exert influence on the money market by manipulating the rate of interest. The result has been that in many instances the Bank has been powerless to do anything but watch the course of events. Once the Bank has secured authority to operate in the open market, it will be in a better position to exercise influence. The Bank is to practice the open market policy—as is already being done by central banks abroad—by means of the purchase and sale of inland bills and Netherlands Exchequer bonds, subject to the latter having first been in the hands of third parties. This restriction is to prevent the Bank from securing bonds direct from the Minister of Finance, by means of a direct issue. As is only natural, the Bank is to conduct its operations in the open market as far as possible in conformity with the special interests of the State in the local money market.

STILL NO ECONOMIC RECOVERY

Despite the relaxation on the Amsterdam money and foreign exchange market, no fundamental change for the better has become perceptible. The Central Statistical Bureau reports that the returns of industrial activity for the first quarter of 1936 show divergent tendencies. In many factories some measure of recovery was noticeable, and in some of them the improvement was so pronounced that it could be stated that 1936 had made a far more propitious start than its predecessor. This did not apply, however, in other branches of industry, where the first quarter compared unfavourably with the preceding year, or was unchanged. Most of the other data of the Central Statistical Bureau leave a gloomy impression. The unemployment figures for all industrial groups collectively were again somewhat higher than last year. The average percentage of unemployed days in the first quarter of 1936 was 39.2, compared with 37.3 in the same period of 1935 and 31.2 in 1934.

Total exports of manufactures in the first quarter were down by 21,000 tons, and a value of 4 million guilders, compared with the corresponding period of 1935. In comparison with the average first quarter's exports during the past five years, the first quarter of 1936 showed a decline of 74,000 tons and of 37 million guilders. To illustrate the decline more strikingly, comparison with the first quarter of 1930 (exports 966,000 tons and a value of 290 million guilders) show a drop of 195,000 tons and of 201 million guilders.

DISPROPORTION IN COSTS

To a large extent this decline in the Netherlands' exporting industries is attributable to the disproportion between the high level of costs and that of foreign countries. Interesting calculations by the Central Statistical Bureau

show that the wages charge (in gold) per unit of production, with 1929 as 100, had dropped by 1934 to: 81 in Germany, 59 in England, 52 in Sweden, 51 in U.S.A., and 79 in the Netherlands. The disproportion in the cost of living (in gold) is shown in the following figures (1929=100): Germany 80, England 52, Sweden 51, U.S.A. 48, France 87, Switzerland, 79, Netherlands 81. The high cost level in Holland is due in the first place to high house rents. In the prices of textile goods (the best example of an industrial product which is an item in the cost-of-living index) divergencies in the various countries are slight.

After subjecting the indices of wholesale prices to an adjustment to enhance comparability, the result is (1929 in gold=100): Germany 75, England 50, Belgium 56, France 67, Switzerland 71, Sweden 48, U.S.A. 51, Netherlands 61½.

Not only were exports in May lower than in the preceding month, but there was again a drop compared with the corresponding month of last year, as had been the case almost consistently for many months. For the first five months of the current year imports amounted to 7,610,000 tons (last year 7,998,000), with a value of 389,497,000 (382,091,000) guilders. Imports were 5,260,000 (5,003,000) tons, with a value of 265,526,000 (267,897,000) guilders. The adverse balance of trade was 123,971,000 guilders (last year 114,195,000). Imports and exports in recent years, month by month, are shown below:—

	Imports			Exports		
	(in million guilders)					
	1934	1935	1936	1934	1935	1936
January	100	76	79	56	55	50
February	81	70	74	51	51	50
March	94	80	79	61	54	55
April	85	78	81	54	50	57
May	87	78	76	57	58	52
June	89	73		59	51	
July	86	76		58	54	
August	87	76		69	61	
September	78	76		69	61	
October	87	94		62	70	
November	88	86		60	60	
December	75	73		56	52	

The trade returns of the Netherlands thus continue their unsatisfactory trend.

AMSTERDAM, July 1.

POLAND

UNREST AMONG THE PEASANTS

PARLIAMENT met in extraordinary session in June to extend, until the next ordinary session in the autumn, the "full powers" for the Government to legislate by decree. Under the "controlled democracy" created by the Constitution of April, 1935, and its complementary parliamentary system, the Sejm and the Senate, vote the "full powers"; the Government does the rest. It was clear from the temper of both Houses last month, however, that this system will not last much longer; and that the "dictatorship without a dictator" is crumbling. At the very least there should soon be a reform of the electoral system and different parliamentary methods. Many observers feel that much more sweeping changes are likely.

Government circles, no less than public opinion, were greatly impressed by a peasant demonstration on June 29th at Nowosielce, in Galicia, when 150,000 peasants from a radius of over fifty miles assembled with perfect orderliness to honour Michal Pyrz, who led Polish peasants against the Tartars in 1624. Many of them travelled for four or five days in carts, and at harvest time, to attend the festival. They were "reviewed" by General Rydz-Smigly, Marshal Pilsudski's successor as Inspector-General of the Polish Forces; and before him they cheered "The Polish Republic; the Polish Army; the Peasants' Party and its leader, Vincent Witos." M. Witos, who was thrice Prime Minister before May, 1926, is an outlaw who has been away from Poland since the "clean-up" of Opposition deputies in 1930. The peasants at Nowosielce resolved that M. Witos should be brought back to Poland; that a new and democratic Constitution should be prepared; that

a new Parliament should be elected; that a "just" Government resting on popular support should be formed; and that foreign policy should be changed.

It must be assumed that the 150,000 peasants at Nowosielce fairly expressed the feelings of ten millions or more of their compatriots who are awakening politically and whose reasonable demands no Government in Poland can long resist. The Army, for the most part, is made up of peasants who never lose touch with the countryside. The police, as they have shown on a dozen occasions within recent weeks, can deal very effectively with "town jobs"; but when and if the peasant masses decide that the recovery of their full political rights requires them to "take a walk" the police could not do much about it. The mere fact that General Rydz-Smigly, now the recognised leader of Poland and a liberal-minded soldier, witnessed the Nowosielce demonstration, and is known to have been greatly impressed by it, encourages the hope that the peasants will not be forced to prove the sincerity of their resolutions.

POLAND AND DANZIG

Until the internal political situation finds its proper level, Polish activity in external affairs will no doubt continue along "safety first" lines. For no apparent reason, except perhaps to "commend" Poland to Italy, the Cabinet on June 27th decided to proceed with the "liquidation" of sanctions, and a decree to this effect was published on July 2nd. Polish opinion from the outset recognised the danger their intensification would have held for peace; but it is probably safe to say that Poland would have been as resolute as Great Britain and France in defending all that the League was supposed to stand for, and that the decision to remove sanctions already reached by the British and French Governments influenced Poland's action.

The sudden twist to events in Danzig imparted by Berlin and the Danzig Nazis has caused misgivings in Poland, if only because by those actions Germany has pushed Poland into a quandary. The prospect of a war between Germany and the Soviet Union has not been regarded as likely for the medium-term future; in the first place, because it was felt that Soviet Russia would not in any contingency attempt to attack Germany across a hostile Poland; and, secondly, because Germany would not be likely to march hundreds of miles across what would become hostile territory in order to "get at" the most heavily armed nation in Europe. Many informed Poles believed that German talk about a "free hand in the East" was largely bluff, and that when the German army moved it would be along lines of least resistance. The line to Moscow is certainly not one of them. But the move towards Danzig holds out ominous possibilities. If, on the other hand, Germany struck in Central or Western Europe, and looked like being successful, she could still presumably count on Poland and the Baltic States to isolate Soviet Russia.

FOREIGN DEBT TRANSFER SUSPENSION

Polish Treasury representatives in New York on June 26th informed the fiscal agents of American bondholders that, until more normal conditions in world affairs were restored, debt service would have to be met in zlotys and deposited to the credit of the fiscal agents at the Bank of Poland. No legal steps have yet been taken, however, to implement this announcement.

The service on public and semi-public debt amounts to about 110 million zlotys a year, and on private debts probably to 40 million zlotys—a total equal to about £6,000,000. The principal creditor countries are the United States, France and Great Britain; but Holland, Sweden, Switzerland and a few others will also be affected because it is the intention to apply the suspension to all countries with which Poland has an unfavourable trade balance and/or an unfavourable balance of payments. Great Britain has an adverse trade balance with Poland equal to about £2,000,000 a year, which is not, as far as can be ascertained, wholly offset by debt and other payments to or through Great Britain. Britain's primary interest in the suspension, therefore, will be to see that her adverse trade balance with Poland does not fall below the total of the payments due from Poland to Britain.

It is the Government's intention to undertake discussions with all the creditor countries in the hope of making amicable arrangements. Great care will also have to be taken to avoid charges of discrimination. It will be necessary for all creditor countries, however, to realise that the Polish financial tide is now very low, and that they will need to have more confidence in the future than expectations in the present. Foreign creditors will be allowed freely to dispose of their zlotys in Poland, and if they are not used for buying additional Polish goods for export, or for investments in real estate, buildings, domestic securities, etc., they will remain on deposit at the Bank of Poland and bear interest. If the foreign exchange is available, private debtors will not be restrained from fulfilling their contracts with foreign creditors.

The Polish Defence Services, and importers of essential raw materials for industrial needs, will henceforth be preferred applicants for foreign exchange; but it is believed that, with the suspension of transfers for debt service, and with the present reserve of gold and foreign exchange (nearly 400 million zlotys), all essential demands for foreign exchange can be met, and the Government's four-year work-creation plan (to cost 1,800 million zlotys) carried out. This plan, which was disclosed to Parliament last month, is now finding work, chiefly on road-building, for about 200,000 unemployed.

The industrial indices, mainly because of the public works programme, are now better than at any time during the past five years. The figures on foreign trade, given below, also show an improvement in volume, largely because of increased imports of raw materials:—

	Imports	Exports	Active Balance
	(in millions of zlotys)		
January-May—			
1934	326.3	391.4	65.1
1935	339.6	363.7	24.1
1936	396.9	413.6	16.7

Poland's economic prospect is by no means one of unrelieved gloom, if only her problems of exchange transfers and foreign trade can be surmounted.

WARSAW, July 6.

JAPAN

THE TRADE WAR WITH AUSTRALIA

THE record of the session of the Diet which terminated on May 26th was remarkably good for a short sitting of three weeks. Besides the Finance Bills, the commercial and industrial credit plan, the anti-cartel law, the dismissal compensation scheme, tariff revision, and forty-one other Government measures were carried through both Houses. The Commercial and Industrial Credit Corporation plan provides for the establishment of a central financing organ to supply credit accommodation to small and medium-sized firms. It has a capital of 10 million yen, half of which is to be contributed by the Government. The important Industries Control Act was so revised as to restrict more rigidly the activity of cartels and similar combinations, and empowers the Government, if deemed necessary, to subject any trade to a licensing system. The dismissal compensation scheme makes compulsory for the employer the creation of a fund to give a bonus to his employees on dismissal, laying aside a sum equivalent to from 2 to 5 per cent. of wages. In the revised tariff, duties on aluminium, hoops and strip iron, petrol, essential oils, and aspirin, antipyrin and pyramidon were raised. These duties are all prohibitive.

The Government has decided to adopt an import licensing system for Australian wool and wheat in retaliation for Australia's restrictive measures against Japanese goods. The programme agreed upon between the Government and the representatives of the woollen trade is (1) to curtail purchases of wool in Australia by two-thirds of last season's total, or restrict them to 250,000 bales; (2) to buy another 250,000 bales in South America, Africa, New Zealand and elsewhere; and (3) to make good the shortage of 250,000 bales by staple fibre and other substitutes. The plan, however, involves many difficulties: first non-Australian wools are comparatively dear; secondly, Japanese spinners' tech-

nical skill has not developed to make the most of non-Australian wools; and, lastly, there is a problem of indemnities to the woollen firms, for it is not the woollen industry but the cotton, the rayon and other trades that suffer from Australia's restrictive measures. Moreover the import restriction of raw materials must inevitably give a severe blow to the woollen trade which is being built up as an important export industry. But the retaliatory measures will be put into force at any cost. As for wheat from Australia, an import quota scheme will be enforced with much less difficulty, and Manchukuo will co-operate with this country in the trade war.

IMPORTS STILL RISING

Imports continue to run well ahead of last year's figures, while exports show an almost stationary character as a whole. Last month's imports amounted to 240,695,000 yen, compared with 221,228,000 yen in May, 1935. The chief increases were in textile materials, while iron and steel and machinery recorded notable declines. Exports totalled 219,880,000 yen, against 215,164,000 yen last year. Raw silk and wheat flour decreased substantially, and the increase is largely accounted for by lesser exports such as leather, oils, rayon yarn, iron and steel, and machinery. The import surplus for the month was 20,815,000 yen, compared with 6,064,000 yen a year ago.

Business conditions, as revealed in other economic indices, have changed little in recent weeks. Output of cotton yarn during May totalled 121,587,000 lbs., an increase of 47,000 lbs. over April. Rayon yarn production during May amounted to 21,744,000 lbs., or 840,000 lbs. larger than in April; but this is largely accounted for by the two firms which have newly joined the Rayon Producers' Association. The Bank of Japan's wholesale index number for May shows no change on the month; advances in cereals and other foodstuffs were offset by the declines in textiles. The aggregate value of all shares listed on the Tokyo Stock Exchange on June 1st was up by 61.2 million yen, or 0.9 per cent., as against a month ago.

The spring cocoon crops are arriving on the markets. They are quoted at around 5.00 yen per kamme on the average, as against a mean of 4.00 yen for last spring and 2.50 yen two years ago. The prices are sufficiently high to compensate for the decreased crop caused by the great damage done to the mulberry trees by the unusually heavy snowfall last winter. This affords a somewhat bright spot in the dismal agricultural situation.

TOKYO, June 12.

ARGENTINA

FOREIGN TRADE DECLINING

THE foreign trade of the Argentine for the first five months of the present year, compared with that of the corresponding period of 1935, was as follows:—

	First Five Months		
	1935	1936	Diff.
	\$	\$	%
Imports	467,393,176	458,420,033	-1.9
Exports	720,070,020	620,795,770	-13.8
Balance of Trade	252,676,844	162,375,737	-36.0

These figures continue to show an unsatisfactory position. Notwithstanding a slight decrease in imports, the favourable balance of trade is down by some \$90 millions. Six months of the present year are already past, and the position in June will apparently show no improvement. On the basis of former years, Argentina will be very fortunate indeed if her favourable balance of trade reaches the \$300 million mark for the twelve months ending December 31, 1936. This is not sufficient, in itself, to supply enough *devises* to maintain a stable foreign exchange, and it will only be by clever manipulation of the Equalisation Fund, as we predicted earlier in the year, that exchange rates will be kept steady. Textile imports show a further decline and there has even been a falling-off in shipments from Japan due, it is thought, to excess importation of cheap goods during 1935, and to increased local production.

Great Britain remains at the top of the list of countries exporting to Argentina, the 1936 figure being practically the same as that of 1935. Imports of machinery and metals show very large increases and so also—strange though it may seem in a country which supplies food necessities to many parts of the world—do imports of foodstuffs. The principal items which show a decline in import values are tobacco and textiles.

AGRICULTURAL PROSPECTS

Except for a few days of cold dry weather, last week, unseasonable climatic conditions still continue; moderately mild, wet weather is the order of the day. This continuous rain and lack of sunshine has seriously held up the shelling of the maize crop, the quality of which will, for the same reasons, be adversely affected. Sowings of wheat have also been retarded due to excessive moisture in the soil; and lack of sunshine, where the cereal has been sown, cannot but have an ill effect on the growth. Fortunately the Southern zone sowings are in good condition and pasturage could scarcely be better.

The political situation is, at the time of writing, rather obscure; for the Chamber of Deputies cannot obtain sufficient attendance to form a quorum, owing to the intentional absence of the members of one Party. Two eminent members of Argentine political and public life have been appointed to act as mediators with a view to finding some reasonable solution to the present difficulties.

Exchange rates, possibly as the result of the foreshadowed reduction in the favourable trade balance, have tended to become easier, both the official and free market quotations having gone up several points, the former now standing at \$17.05 instead of \$17.02, the previous rate. Deposit and lending rates remain practically unchanged.

BUENOS AIRES, July 1.

INDIA

INDIAN AGRICULTURE

THE Viceroy is continuing his efforts to improve the lot of the ryot by appealing to self-interest. His Excellency recently sent a letter to the Governors of all the Provinces as an appeal "to develop cattle-breeding in India and the improvement of the fodder supply." The keynote of this letter is not to speed on the work of the Provincial Governments—they are already doing their best in this regard. It is to ask for the co-operation of the Provincial Governments in initiating "throughout India a sustained effort to attract that unofficial support and interest in livestock improvement which is so essential to real progress."

According to British India Agricultural Statistics (1934-35), compiled by the Department of Commercial Intelligence, the total area of British provinces was 668 million acres. Of this 234 million acres represented uncultivable area comprising forests (89 million acres) and other area not available for cultivation (145 million acres); 154 million acres represented culturable waste other than fallow, and 53 million acres the area left fallow during the year. The remainder, 227 million acres, was the net area actually sown with crops during the year. Food crops occupied 213 million acres of the total area sown (including areas sown more than once) and non-food crops 46 million acres. Rice represented 31 per cent. of the total area sown, millets 5 per cent., wheat 10 per cent., oilseeds and cotton 6 per cent. each, gram 5 per cent., barley and maize 2 per cent. each, and jute and sugar-cane 1 per cent. each. The total area irrigated amounted to 51 million acres, which was practically the same as in the preceding year. Canals irrigated 26 million acres, wells 13 million, tanks 6 million and other sources 6 million acres.

UNCERTAIN MONSOON PROSPECTS

The head of the Meteorological Service states that "evidence is so conflicting that no forecast of practical value can be issued concerning this year's monsoon rainfall." With Indian finances, as it were, on a razor edge, and with no reserve to fall back upon, it is clear that any failure of the monsoon will have the most serious conse-

quences upon Central and Provincial finances and could imperil the deductions of the Niemeyer report.

In his plans for a settlement, considered by the Central Government as very generous to the Provinces, Sir Otto Niemeyer has made it difficult for the Government of India, for the next decade at least, to increase the already reduced provision for the sinking fund. In 1923 a decision was arrived at to provide Rs. 4 crores a year for the reduction or avoidance of debt, the total outstanding debt at the time of this plan being Rs. 797 crores. In addition to the amount settled, one-eighth of the amount in excess at the end of a financial year over the amount outstanding on March 31, 1923, was to be appropriated to the sinking fund, and this was done until the annual allocation had reached Rs. 7 crores. For a number of reasons Sir George Schuster in his last Budget speech changed the appropriation for reduction of debt to Rs. 3 crores a year. This rate is being continued by the present Finance Member.

How rapid has been the expansion of the sugar industry in India is shown in "The Sugar Industry (1936) Annual," published by Mr M. P. Gandhi, secretary of the Federation of Indian Chambers of Commerce. In 1931-32 the total production of sugar in India was 478,119 tons; the first official estimate for 1935-36 fixes it at 849,000 tons. The area under sugar cane has kept pace with increased production. From 2,677,000 acres in 1929-30 it expanded to 4,141,000 acres in 1935-36. Cane factories have likewise multiplied rapidly. Before 1931-32 there were only 31 factories. To-day there are 139, and according to the official estimate there should be 156 in 1936-37. The present cane season has been exceptionally favourable to millers, and an increase of some 106,000 tons is expected over last year's production.

The rapid increase in internal production has been accompanied by a corresponding decline in imports. In 1931-32 the revenue from the import duty on sugar amounted to eight crores of rupees. In 1935-36 it had shrunk to just over three crores, and according to the latest Budget estimates it is expected to fall to two crores in 1936-37. At the rate the industry is expanding the stage must soon be reached when home production will outstrip consumption unless the internal demand materially expands.

BOMBAY, June 26.

LETTER TO THE EDITOR

THE JARROW SCHEME

TO THE EDITOR OF THE ECONOMIST

SIR,—I am glad you have given prominence to the abortive attempt to start steel works at Jarrow and hope you will not allow the matter to drop. The explanation of the incident is of course the desire of the now very small group of large steel manufacturers to protect their privileged monopolistic position. This position has been achieved by buying up control of all the smaller independent concerns with the aid and encouragement of the Import Duties Advisory Committee. Enforced idleness at Jarrow is by no means the only result.

A few years ago the steel framework (a very straightforward job) of a factory building in the Midlands was put up at a cost of £12 10s. per ton. Tenders were received a few days ago for a similar building at £20 per ton. Steel and wages during the interval have gone up only a fraction of the difference. The increase has occurred because all the steel erecting firms have made a ring and fix prices practically on "what the traffic will bear" lines. It is impossible to get an erector to quote from outside the ring, as he cannot get supplies of steel. The British makers stop home supplies and the Import Duties Commissioners foreign ones.

The motor car manufacturers and almost all steel users can quote many instances similar to the above. Let us hope the moral will not be lost on "planners" and those who have been urging the coal, iron and steel trade and other trades into vast combines, in the mistaken belief that such a course will be to the advantage of their customers and the country generally.

Birmingham
July 9, 1936.

Yours, etc.,
MANUFACTURER.

BOOKS AND PUBLICATIONS

AN INDIAN'S AUTOBIOGRAPHY

It is widely acknowledged that Pandit Jawaharlal Nehru, President of the Indian National Congress, has introduced a new note of realism into Indian politics. More than this, he claims to be helping India to take its proper place in the world to-day. "We cannot isolate India or the Indian problem," he said in his recent presidential address, "from that of the rest of the world to-day." Pandit Nehru is a Socialist, but because he considers Nationalism in the East to be the means to freedom, he is a Nationalist. He is not anti-British—he himself, in many ways, is a product of British education—but he is opposed to the rule of nation by nation or class by class.

Jawaharlal Nehru was born in 1889 and is the son of Pandit Motilal Nehru, the lawyer and statesman. He was educated at Harrow and at Trinity College, Cambridge, and returned to India in 1912. It was not till after the war that he began to take an important part in Nationalist politics, though he delivered his first public speech in 1915. From then on he was closely associated with Congress politics and Congress leaders. He belongs to a rich Kashmiri Brahmin family, and even before he went to Harrow he had an English education. He belongs at once both to the East and to the West, and denies that there is anything unalterable or mysterious in the differences between the Eastern and the Western worlds. To some things which are essentially Indian, such as communalism, untouchability and the subjection of women, he is strongly opposed. This, he knows, divides him from many of his representative countrymen, from the communal leaders, even from the Liberals or Moderates; but he believes that he can win the support of the masses to a widely democratic and Socialist system in which there will be no place for communal conflicts or caste subjection. This appeal to the masses is creating sharp opposition in India, not only from the Moderates and non-Congress elements, but inside the Congress itself. It is no doubt the beginning of a division of Indian political forces into Conservative and Socialist parties.

Though this book is only in a very personal sense a history of Congress during the last fifteen years, nevertheless, any understanding of that period is incomplete without reading it. Mr Nehru gives vivid portraits of many of the Indian personalities as well as a new and fresh assessment of Indian problems. The real problems, he believes, are not religious, linguistic or geographic, but rather social and economic. In this connection, his opposition to British rule of India arises from his antipathy to what he considers as economic exploitation as well as political overlordship. The first essential, he argues, once British rule has been superseded, is to plan the rapid industrialisation of the country and concurrently to work out a different agricultural system based on different laws of landholding. Among his portraits, the one of Gandhi is perhaps the best; for Mr Nehru's intrinsic loyalty and affection is such that he is not afraid to give us a very frank picture of the man who has been the chief political influence of his life. He is obviously completely out of sympathy with Gandhi's religious and social ideas; and the history of his emancipation from Gandhi's political influence is the history of severe intellectual shocks such as that caused by Gandhi's statement that the Behar earthquake was a punishment for the sin of untouchability, and of severe political shocks such as Gandhi's suspension of civil disobedience in February, 1922, after the Chauri Chaura incident.

Every word of the book was written in prison and it has the mark of prison on it. It has a detachment and a lack of detail in it which seems strange in the autobiography of an active political leader; on the other hand, it gains immensely from the enforced leisure which has made it possible for Mr. Nehru to think deeply and write clearly of the fundamental problems not only of India, but of the world.

* "Jawaharlal Nehru: an Autobiography." 618 pages. The Bodley Head. 15s.

SHORTER NOTICES

"Principles of Auditing." By F. R. M. de Paula. 8th Edition. Sir Isaac Pitman. 313 pages. 8s. 6d.

For the past two years, investors have enjoyed the practical advantages of Mr de Paula's work, for he has been intimately concerned with the excellent form of accounts recently adopted by the Dunlop Rubber Company. In this eighth edition of a work first published twenty-one years ago, Mr de Paula revises and enlarges his theoretical argument in equally vigorous fashion. There are two new factors which confront accountants with their most thorny problems. The first is the Royal Mail Steam Packet Case, which is the more perplexing in its legal implications because it answers the whole question of secret reserves and the presentation of profit and loss accounts by *obiter dictum* rather than by specific judgment.

The accountancy profession, as Mr de Paula shows, has since adopted standards which appear to rule out the possibility of any repetition of the proceedings in this case. But the second problem—reform of holding companies' accounts—still remains. Section 126 of the Companies Act, it is true, imposes upon the directors the obligation of describing—though not specifying—the treatment of subsidiary companies' profits in holding company profits. Of what use, however, as a guide to group earnings is a statement that one subsidiary company has declared a dividend which has been brought into the parent Company's accounts, while the losses of other subsidiaries have been carried forward without being specifically provided for? This sort of statement is not incompatible with a gross over-distribution of group earnings, and it incurs Mr de Paula's just criticism. The author, in fact, urges that a consolidated earnings statement, with clear indication of abnormal credits, is more valuable than a consolidated balance sheet.

It is the great merit of Mr de Paula's work that, in addition to being an authoritative text book on auditing principles, it also presents an essentially modern and progressive case for enlightened accounts. Investors, accountants—and company directors—will find it worth careful study.

King Edward's Hospital Fund for London; Annual Report for 1935.

The indispensable part played by the King's Fund in maintaining London's hospitals is further described in the annual report for 1935. During the year an ordinary distribution of £305,000 was made, of which £127,000 came from voluntary subscriptions. A further £120,000 was distributed as a special Jubilee gift to the hospitals. During the last ten years £3,193,417 has been distributed to the hospitals by the Fund.

BOOKS RECEIVED

The Revival of Agriculture: A Constructive Policy for Britain. Prepared by a Committee of the Rural Reconstruction Association. (London) Allen and Unwin. 138 pages. 3s. 6d. net.

Oil and Petroleum Year Book, 1936. Compiled by Walter E. Skinner. (London) Walter E. Skinner, Ltd., 15 Dowgate Hill, E.C.4. 360 pages. 10s. net.

This recognised work of reference, now in its twenty-seventh year, comes opportunely in a period of great market interest in oil shares. Full particulars of 680 companies are given, and other features include directories covering personnel and trade marks, and statistics showing the trend of world production.

L'Amérique de Roosevelt. By Paul Alpert. (Paris 6e) Nouvelles Editions Latines, 7, rue Servandoni. 178 pages. 12 frs.

Selected Works of Lenin. Vols. III and IV. Edited by J. Fineberg. (London) Lawrence and Wishart. Vol III. 630 pages. 5s. net. Vol. IV. 443 pages. 5s. net.

Selected Works of Lenin. Vols. V and VI. Edited by A. Fineberg. (London) Lawrence and Wishart. Vol. V. 392 pages. 5s. net. Vol. VI. 660 pages. 5s. net.

Agricultural Credit. By Anwar Iqbal Qureshi. (London) Pitman. 190 pp. 7s. 6d. net.

Investment For Appreciation

by L. L. B. ANGLAS

Author of *Coming Rise in Gold Shares* (Feb. 1931); *Coming English Boom* (Sept. 1931); *Coming Rise in Wall Street* (Apr. 1933); *Coming American Boom* (Aug. 1934), etc., etc.

A method of forecasting and exploiting industrial cycles. Do not wait for a crisis to read this best seller. Descriptive folder available. Macmillan & Co. Ltd., St. Martin's St., London. Price 41 net.

MONEY AND BANKING

THE ANGLO-SOUTH AMERICAN BANK

ON Tuesday evening it was announced that, subject to the approval of the shareholders of both banks, the Bank of London and South America was taking over the business and assuming the liabilities (including deposits) of the Anglo-South American Bank. The purchase price was 100,000 fully-paid £5 shares in the Bank of London and South America. The result will be the disappearance of one of the oldest of the British banks operating overseas.

To understand the cause of this merger it is necessary to recall events of several years ago. During the 'twenties the Anglo-South American Bank engaged heavily in the financing of Chilean nitrate, and when the slump came, in 1929 and onwards, it found itself seriously involved. In 1932 a group of London banks, under the leadership of the Bank of England, provided financial assistance to the amount of £8,500,000, and in exchange took over nitrate assets to the nominal value of £7,500,000, together with £1,000,000 of 5 per cent. preference shares in the Anglo-South American Bank specially created for that purpose. The latter also gave the banking group a deferred guarantee of £7,500,000, to rank after the bank's liability on its deposits. It was further agreed that after paying the new preference dividend, half the bank's profits would be allocated towards the redemption of its liabilities under this guarantee. Later, in the summer of 1932, these assets, with the attached guarantee, were transferred to a special company called Chilnit, the shares in which were held by the banking group.

Clearly this was a stop-gap arrangement, which afforded full protection to the bank's depositors, but left the bank, inevitably, with a heavy burden. There has, subsequently, been a moderate recovery in South American trade, and Argentina has been able to put her monetary system in order. Nevertheless, the bank has only just been able to pay its way. It has been unable to distribute a preference dividend, still less to reduce its guarantee liability to Chilnit. Moreover, it still holds real property in South America purchased at the prices ruling some ten years ago. Partly owing to the bank's inability to make provision for depreciation, this property is seriously over-valued to-day.

In these circumstances, negotiations for a merger with the bank's sole British competitor appear to have been the only way out of a difficult situation. The 100,000 shares in the Bank of London and South America, which have been allotted as the purchase price, will be transferred to Chilnit, who in exchange will agree to the disappearance of their £1,000,000 of preference shares and will also release the Anglo-South American Bank from its £7,500,000 guarantee. There is no doubt but that Chilnit will incur a heavy loss. Of its £8,500,000 of nominal nitrate assets, only £2,000,000 can be recovered from the sale of old stocks, earmarked by Chilean law for the benefit of creditors. Some £1,000,000 has almost certainly been lost altogether, while the remaining £4,500,000 is repayable only without interest out of the profits, if any, earned by the Compania Salitrera de Tarapaca y Antofagasta.

The shareholders of the Anglo-South American Bank are left with nothing whatever. The business of the bank and its branches is transferred to the Bank of London and South America, and the purchase price goes to Chilnit. On the other hand, the "A" shareholders are relieved of the threat of the call of £5 on their £10 shares, £5 paid, which has been hanging over them since 1931. The holders of the £2 fully-paid "B" shares lose everything. So far as the "A" shares are concerned, this news has come as a relief to the Stock Exchange. The "A" shares were recently quoted at 6½ discount, so that the purchaser has received £1 12s. 6d. in cash and has had to pay nothing at all. This shows that the fear of a call was very real.

These are the broad outlines and initial consequences of the merger. It is more than regrettable that the shareholders in an important British bank should lose everything, and a name honourably known all over South America should disappear from banking history. But the Anglo-South American Bank's depositors escape without the loss or immobilisation of a penny. On the contrary, their money is safer than before. The solvency of the Bank of London and South America has never been subject to doubt, and behind it stands Lloyds Bank, one of the "big five," which holds the majority of the "London" Bank's shares. Depositors, further, have escaped only because in 1931 the London banking system came to the rescue of the Anglo-South American Bank. Otherwise the bank must have gone into liquidation, and this would probably have involved the appointment not only of a main liquidator in London, but also of liquidators, brought in by the domestic Governments, in each of the countries in which the bank operated. Under such an arrangement depositors would certainly have had to wait for many years for full payment. Once again, the British banking system has given a practical demonstration of its essential solidarity, at a certain financial cost. The moral effect may be well worth the expenditure. Public confidence is the life-blood of the whole banking system, and the ultimate loss arising from the repercussions of a major failure, such as that of the Anglo-South American Bank, would have been heavy indeed. It is hardly open to question that the bank's present position reflects not only the depression but also the fact that those responsible embarked upon optimistic projects a decade ago. The "A" shareholders undoubtedly have reason for thankfulness that they have not been called upon to put up more capital—as they certainly would have been had the bank gone into liquidation in 1931. A call upon them, however, could not have helped the "B" (fully-paid) shareholders, since the proceeds would necessarily have been handed over to Chilnit. The banks behind that organisation would appear to have decided, probably quite rightly, that the unfortunate moral effect of such a call would have more than offset its financial result—whose final yield would in any case have been somewhat problematical.

Consideration of the future of British banking in South America affords one of the main justifications for the merger. Whatever may have been the case in the past, under present conditions there is scarcely room for two competing British banks in that territory. International trade has shrunk, while British banking has to face competition from France, Germany and the United States. Apart from the misfortunes of the Anglo-South American Bank, the case for amalgamation was overwhelming.

Whether the purchase price is "fair" is primarily a question between Chilnit and the Bank of London and South America. At the recent rate of 3 per cent. paid on the "London" Bank's shares, the existing business of the "Anglo-South" must earn a net profit of £15,000 a year in order to cover the dividend on the new shares. The latest disclosed net profit of the "Anglo-South" was £37,000, but it is now clear that this did not include normal provision for reserves. On the other hand, there will now be opportunities for substantial economies, including a unification of administration and in some places the closing of redundant and overlapping branches, while, conversely, the "London" Bank will now have offices in Chile, Spain and elsewhere, where hitherto it has been sparsely represented. Further, the troubles of the "Anglo-South" have recently forced it to maintain a high degree of liquidity, which must have impaired earnings. On the whole it may, perhaps, be presumed that since the "Anglo-South" was a forced seller, while the "London" was not compelled to buy, the latter had every incentive to fix a

price which offered a moderate prospective profit on the business taken over.

Sympathy will be felt for the staff of the Anglo-South American Bank. As many as possible will doubtless be taken over under the new regime, and it may be assumed that as generous provision as may be will be made for the remainder. It is to be hoped that the number of redundancies, in London and abroad, will not prove so large as to inflict great hardship on those who have certainly had no part in producing the present state of affairs. The question of the bank's pension fund, moreover, will necessarily involve a series of complex problems.

Altogether, the sole consolation which can be drawn from an unfortunate chapter in overseas banking history is that it has served once again to demonstrate the willingness and ability of the British banking community to act co-operatively in order to preserve depositors from loss. The strength of that system is once more shown to be greater than that of any single one of its separate links. The tradition that the depositor comes first has been confirmed. But the corollary must be a constant realisation, on the part of those entrusted with the policy of great banking institutions, that they have a special responsibility towards their colleagues, as well as to their customers and shareholders.

FINANCIAL NOTES

The Money Market.—There has been a fair evening demand for loans, but money has on the whole been quite comfortable this week. The clearing banks have now resumed purchases of bills, and have bought Treasuries maturing in August, September and early October, at their minimum rate of ½ per cent. At the moment they are not taking large blocks of bills, but the discount market finds no difficulty in disposing of bills in small quantities.

	June 18, 1936	June 25, 1936	July 2, 1936	July 9, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	½	½	½	½
Short loan rate :—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	½	½	½	½
Discount rates :—				
Treasury bills	7	7	7	7
Three months' bank bills	7-11	11-11	11-11	11-11

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.

The rate for three months' bank bills has been kept up at 1½ per cent., and this is high enough to yield a profit on re-sales to the banks. It is uncertain how long this position will last, but at the moment the discount market is in an easier position than it has been for some time.

The Bank Return.—The holiday currency expansion has now begun, and so it is not surprising that last week the note circulation rose by £3.5 millions. The Bank, however, has acquired a further £4.5 millions of gold, so that the Reserve is £1.1 millions higher.

	BANK OF ENGLAND				
	July 10, 1935	June 17, 1936	June 24, 1936	July 1, 1936	July 8, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	192.7	211.9	216.3	221.1	225.6
Note circulation	400.7	432.0	434.8	439.6	443.1
Banking Department :—					
Reserve	52.6	40.8	42.5	42.4	43.5
Public deposits	8.4	13.9	20.0	9.9	10.5
Bankers' deposits	108.6	91.0	90.8	111.7	96.7
Other deposits	36.4	37.4	37.4	39.8	38.4
Government securities ...	95.8	98.3	99.6	110.4	96.8
Discounts and advances ..	10.4	4.8	7.6	10.6	6.0
Other securities	12.6	16.3	16.5	15.9	17.4
Proportion	34.3%	28.6%	28.6%	26.2%	29.8%

Since July 1st the market has once more taken up its due proportion of Treasury bills, while the joint-stock banks have released the funds called from the market at the end

of the half-year. In consequence, the Government has been able to repay the £26.7 millions borrowed on Ways and Means from the Bank on June 30th. These movements explain the contraction in Government securities and bankers' deposits.

The Foreign Exchanges.—Covering of open franc positions has dominated the foreign exchange market during the week. Now that it is clear that devaluation of the franc is being damped down, previous sellers of forward francs are buying them back spot. The French authorities are taking the opportunity of buying sterling, and this sterling is either being used for buying gold on the London market or is being turned into dollars. The reason is that the Banque de France prefers to hold gold or dollars instead of sterling, which is a non-gold currency. The market suspects that this week's sales of francs in Paris by the British Control have really been on behalf of the Banque de France and not for the British Exchange Equalisation Account. It is also noticed that the Control is no longer "playing the market," but for ten days now has been operating at a practically rigid rate of Frs. 75.70. This suggests that there may be a different motive behind the Control's operations. Three months' francs have gradually strengthened to Frs. 27½ discount, and Thursday's reduction in the French Bank rate from 4 to 3 per cent. assisted the forward market. Bear covering led to some bidding for Swiss francs and guilders, but French purchases of dollars have made the spot New York rate weak at \$5.02 against sterling and Frs. 15.08 against the French franc. Three months' dollars have weakened to 1 cent premium. The Banque de France's return for July 3rd shows an increase of Frs. 342 millions in gold to Frs. 54,340 millions. Treasury bills are reduced by Frs. 2,088 millions, while provisional advances to the State are increased by Frs. 3,088 millions. Thus the Treasury has borrowed an extra milliard of francs on balance, and this explains much of the week's expansion of Frs. 1,342 millions in the note circulation, and also the drop in the reserve ratio from 58.1 to 57.9 per cent. Among South American exchange the Argentine free rate has fallen from 18.80 to 18.40 pesos to the pound.

The National Bank of New Zealand.—The latest accounts of the bank show that a year of increased activity has resulted in a slight expansion in the bank's resources: Deposits have increased from £13,555,000 to £13,655,000, and cash holdings from £2,669,000 to £3,307,000. The bank has been able to reduce its investments from £4,194,000 to £2,696,000. Last year's dividend of 4 per cent. is repeated. Speaking at the general meeting last Wednesday, Sir Austin Harris, the chairman of the bank, made an important reference to the outlook for New Zealand Government securities. An Investment Note on p. 71 discusses this statement.

THE STOCK EXCHANGE

"CONTROL" IN THE CITY

THE growth of official "control" in the City of London exemplifies the truism that the most decisive revolutions come silently. Within the last five years a traditionally free and international market has been metamorphosed into something like an executive instrument of Government policy, largely without the passing of legislation or the formal recognition of any external change.

In September, 1931, the pound left gold, and in June, 1932, the Chancellor requested a self-denying ordinance from the issuing houses during the period of the 5 per cent. War Loan conversion. This "request," subsequently extended and modified, is still in force, e.g. so far as foreign issues are concerned. The terms of reference of the Foreign Transactions (Advisory) Committee, formed three months ago to interpret the Chancellor's mind to would-be borrowers, appears to presage the permanence of some system of regulation. Control of foreign lending, however, is only a single aspect of a system which touches the City at many points. A well-known firm of stockbrokers in a recent brochure has enumerated some of the myriad repercussions of Government policy on particular groups of investors. High prices for steel shares and low prices for textile shares reflect, in part at least, the Government's tariff policy and the official attitude towards cartels. Shipping shares are affected not only by tariffs, but by the tramp tonnage subsidy, the "scrap and build" programme, and the Government's financial backing of "The Big Ship." Holders of sugar company shares must take account of the beet subsidy arrangements. Brewery shareholders are handicapped by hop-growing limitations and restrictions on barley imports, and solaced by a differential duty on imported lagers. Changes in excise duties have accentuated fluctuations in rayon company earnings. United Dairies and companies in the butter and provision industries are affected by the Government's agricultural policy in general, and the activities of the Milk Marketing Board in particular. The Government's beef proposals announced this week will cause much questioning among holders of shares in British-owned railway, meat, extractive, land-owning and retail trading enterprises in the Argentine. Holders of engineering, shipbuilding and aircraft shares are vitally concerned with the Government's decision to re-arm, and investors in gilt-edged securities with its determination to keep interest rates low. There is, indeed, hardly any group of securities dealt in on the Stock Exchange whose contemporary prices are not a function, to a greater or less extent, of some form of official "policy." When we add the manifold adjustments associated with a "managed" currency, with their implications in the sphere of credit policy and joint-stock banking practice, and take due account of the repercussions of the Exchange Equalisation Account's activity on the day-to-day operations of the money market, we may not be open to the charge of exaggeration if we declare that the bonds between Whitehall and the City are today tighter than ever before.

From time to time, isolated criticisms of this state of affairs find expression. During the last franc crisis, for instance, a certain impatience was manifest in some quarters with the policy of the authorities in frowning on dealings in gold coins. On the whole, however, the City, while by no means reconciled to many features of the new regime, appears at least to have tacitly recognised the inevitability of "control," since the old automatic checks of the gold standard no longer exist, and the market is not yet master of the new technique. There is a widespread feeling that "control" has, at least, maintained some sort of orderly environment in which monetary business can be carried on in London while political and currency unsettlement are rife outside. And certain of its objec-

tives, like the maintenance of cheap money, command in themselves almost universal sympathy.

Perhaps the attitude of the City can best be summarised by saying that while all responsible quarters are prepared to co-operate in working the existing regulations, there is a good deal of uneasiness over the conditions which have necessitated their imposition, and the haphazard and piecemeal manner in which many of them have grown up. It is now appreciated that, by the gradual accumulation of precept upon precept, line upon line, something has been created which is not far removed from despotic rule in a hitherto free market. And the imposition of many of the "controls" has been preceded neither by Parliamentary enactment nor public discussion. A temporary suspension of foreign lending on a departmental "request" is one thing, but the indefinite prohibition of the export of British capital, on the initiative and authority of the Treasury alone, is quite another.

It is true that adjudication on individual foreign issue applications has been remitted to a Committee which includes members of the Bank of England, the Stock Exchange Committee, the banks and issuing houses and the steel and engineering industries; and that the traffic policeman for home gilt-edged issues is the Bank of England itself. But the avowed purpose of both the Committee and the Bank is to carry out the Government's wishes. They are interpretative and administrative rather than initiatory bodies, and, with all due respect, their position, so far as market control goes, is that of the ball which

"... little recks of ayes and noes,

But here and there, as strikes the Player, goes."

If "control" is to be maintained, therefore, as a quasi-permanent part of the market's machinery, the first essential would seem to be that the Treasury should seek legal authority for a very serious restraint of trade. The process of drafting the necessary measure might induce the authorities, further, to make a much-needed definition of their own objectives. At present, the "control" regulations betray their extemporised origin by a mass of anomalies and contradictions. Home companies may borrow freely in the market, but home corporations are controlled though both may be raising money for much the same purposes. The issuers of a fifth-rate industrial prospectus can choose the most convenient tactical moment and capitalisation for an offer, but cities enjoying first-rate credit must form a queue and fit their issues, as regards interest and "life," to a more or less rigid pattern, as Procrustes accommodated all travellers to his one bed. A wild-cat mining proposition in British Guiana may enjoy facilities denied to a responsible house in Venezuela or Mexico. Such anomalies are indicative of a certain confusion of thought and lack of co-ordination in the contemporary system of "control." They suggest that the authorities are not quite certain where they are going or what they really want. Last month's memorandum, signed by the chairman of the Foreign Transactions (Advisory) Committee, for example, declared that "one of the primary objects of the restrictions is to safeguard sterling exchange." Is this protection to operate against a rise, or a fall, in the gold exchange value of sterling? Is the Committee to be regarded, in essence, as a sub-department of the Exchange Equalisation Account? If so, should it aim at facilitating the maintenance of any fixed exchange value for sterling, or merely at "ironing-out" inevitable fluctuations? And what are the other "primary objects" of restriction, on which the memorandum is silent?

The memorandum and the Committee's instructions, indeed, suggest that the authorities have vague and half-considered ideas which go far beyond the mere safeguarding of sterling. The official willingness to consider transactions calculated "to finance additional exports"

suggests a preparedness to use the principal of new foreign loans, as Dr. Schacht has used the payment of interest on old loans, as an instrument in international trading policy. Even this purpose, however, may be impeded by the narrow interpretation of the Committee's terms of reference implied in the stipulation, in the chairman's memorandum, that the proceeds of issues must *concurrently* (the italics are ours) be calculated directly to benefit British industry. That control of foreign lending may even be designed as a semi-diplomatic negotiating weapon is suggested by the instruction given by the Treasury to the Committee to take into consideration, when deciding on any particular application, of "the treatment accorded to British-owned enterprises by the foreign country concerned."

It is arguable, of course, that all these restrictions may tend, ultimately, to protect the investor himself, by denying him the opportunity to make new investments whose background from the very outset is unpromising. In other words, they may be comparable to restrictive covenants in real estate deeds, which in fact secure property owners in their amenities. The rules, however, have been so drawn up as to leave the authorities under no obligation, express or implied, to abstain from using their powers for wider ends. It was not clear, for example, on purely investment considerations, why, in the current state of Far Eastern "political risks," permission was recently given for the London quotation of a new Chinese railway loan when applications for the repatriation of the shares of sound and prosperous British industrial enterprises, with foreign-controlled capital, had been frowned upon. Is it desirable to create, in this indirect fashion, a species of "blocked sterling"? In any case, the regulations are discriminatory, since they deny to the investing public, as a whole, facilities which remain available to the private capitalist. Individual purchases of foreign security may still be made without let or hindrance. Companies may transfer assets abroad to any amount, so long as they do not first go to the public market. The regulations, in fact, add a new example to the list of actions which are irreproachable in private, but contrary to public policy when done openly.

In the light of these considerations, we suggest that if "control" is to continue there are at least three *desiderata* to which the regulations should conform. They should be clearly defined; they should be legally enforceable; and they should form part of a well-thought-out scheme. If a case can be made out for them it should be formulated and defended, *coram publico*. It should receive Parliamentary sanction and cease to depend on the will of a Government department.

A fourth condition might also be laid down—namely, that there must be no further extension of "control" along present lines. If the pace of industrial recovery were to falter, even temporarily, or general interest rates to show even a slight rising tendency, there might well be a strong temptation to impose ever-widening restrictions in an endeavour to arrest the course of events. Certain aspects of recent gilt-edged issue control, indeed, are not wholly innocent of such a construction. And it is obvious that action on these lines might involve the authorities and the country in commitments which were economically objectionable and politically indefensible.

INVESTMENT NOTES

New Zealand Loan Service.—The speech of Sir Austin Harris, chairman of the National Bank of New Zealand, at the Bank's annual meeting on Wednesday, bears every evidence of an official statement of the New Zealand Government's intentions regarding its loan service. As we showed in an Investment Note last week (page 22), the market for New Zealand bonds has been profoundly disturbed by the suggestion made by the Premier, Mr Savage, that advantage would be taken of the Finance Minister's forthcoming visit to London to discuss a reduction in rates of interest. It would appear that the New Zealand authorities were unprepared for the blank dismay and incredulity with which the "feeler" was greeted on this side.

Behind Mr Savage's further reported protestations may be discerned an evident unwillingness directly to antagonise British investors, whose assistance may be as invaluable to New Zealand's development in the future as in the past. On the main question Sir Austin Harris's speech is explicit:—

I am in a position to-day, on the direct authority of the New Zealand Government, to reaffirm quite definitely that there is not, and never has been, any intention on their part to interfere in any way with the service and terms of the loans domiciled in England. This is in complete accordance with the high traditions of the Dominion. I hope that this statement will allay any remaining fears that anything in the nature of a forced conversion was ever contemplated by the responsible Ministers.

Other parts of Sir Austin's speech, however, are rather more obscure. They suggest that the Finance Minister envisages discussion "with his financial friends" of the "future conversion" of loans bearing high interest rates, "especially in the direction of earlier dates of conversion." Any arrangements come to must be "fair and acceptable to all parties concerned." But will any departure from the original terms of the loan contracts, of so significant a nature as the ante-dating of maturity, be acceptable? The principle goes to the very heart of the contractual system, which is the basis of investment—and, above all, of trustee investment.

* * *

A Questionnaire for "Placings."—The elasticity of the powers of the Committee for General Purposes of the Stock Exchange—which, so far as matters of dealing are concerned, are unlimited, uncontrolled and uncontrollable—is well illustrated by recent developments in the matter of "placing." In the last couple of years there has been criticism of the high premiums established by certain ordinary shares which have been introduced to the market by way of a preliminary "statement of information" followed by official permission to deal. More correctly, dissatisfaction has been due, not to the size of the premiums in themselves, but to the suspicion, on the one hand, that the placing method has been employed for private reasons in certain instances where a normal prospectus issue or offer for sale would have been appropriate; and, on the other hand, that devices scarcely distinguishable in their ultimate effect from market manipulation have been possible within the four corners of the existing rules. Without committing themselves to any pronouncement on market ethics, the Committee have effectively endeavoured to deal with both aspects of the problem. Last February they declared their view that, in the absence of special circumstances, all issues—especially of ordinary shares—should be made publicly rather than privately. A "form of question" has now been devised, to be filled in by brokers who desire to approach the Share and Loan Department, covering such matters as the number of shares available for the market and reserved for the issuing broker's clients respectively, opening prices for free dealings, any "reserve" of shares available if the initial balance is insufficient to meet demand, the names of the principals, the extent of placings already made (subject to permission to deal), details of any pooling arrangements, etc. In brief, the Committee now require sufficient disclosure to enable them to form a complete picture of probable "supply" conditions and the extent to which factors other than general public demand are likely to influence the market in the shares. The Committee appear to be doing everything possible to safeguard the investor's interest on the market side; no regulations can ever prevent purchasers from paying a high price if their appetite is sufficiently keen.

* * *

Industrial Profits in June.—As in recent months, the percentage increase in profits recorded in June was smaller than in the corresponding month of 1935. Although there is no absolute identity between the companies reporting in a given month in successive years, the companies are sufficiently similar to justify rough comparison. The fact that

February has been the only month to show a larger percentage increase this year than last suggests that a steadier rate of progress in profits is gradually becoming operative. Profits last month showed an increase of 13½ per cent. Figures for recent months are set out below:—

Reports published in 1935—	No. of Companies	Rise in Profits*	Reports published in 1936—	No. of Companies	Rise in Profits*
February ...	218	8.43	November ...	160	17.47
March ...	261	22.54	December ...	159	12.27
April ...	242	16.49	January ...	128	13.66
May ...	244	11.07	February ...	205	9.00
June ...	191	21.72	March ...	236	17.39
July ...	232	13.44	April ...	254	9.66
August ...	38	5.93	May ...	269	9.41
September ...	77	9.28	June ...	214	13.50
October ...	166	29.19			

* After payment of debenture interest.

Last month's reports disclose net profits of £26,140,561, compared with £23,030,579 in the preceding year. The June sample, however, is not an ideal indicator of home industrial results. Five oil companies reported profits of £7,792,596 against £6,045,030, and this accounted for over half of the month's total increase. Some 27 iron, coal and steel results, however, rank second with profits of £4,165,824, an increase of £647,085, while five electrical equipment companies also contribute £540,387 to the general increase. Of the 214 companies represented, as many as 57 are plantation companies. Instances of lower profits are not numerous. The largest proportionate drop (14 per cent.) is shown by rubber companies' profits, while the reduction from £2,829,947 to £2,483,916 for textiles is more than accounted for by the unexpectedly disappointing J. and P. Coats' profits.

Actuaries' Investment Index.—The firmness of a few sections of the market has barely sufficed to offset the easier trend in other directions. The general level of industrial ordinary share prices, as measured by the Actuaries' Investment Index of 178 issues, is slightly lower this week at 83.0, compared with 83.1 last week and 81.9 a month ago (December 31, 1928 = 100). The yield this week works out at 3.78 per cent., compared with 3.76 per cent. last week and 3.80 per cent. a month ago. The table below shows the movements in various sub-groups:—

Group and No. of Securities	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (June 9)	Week Ago (June 30)	This Week (July 7)	Month Ago (June 9)	Week Ago (June 30)	This Week (July 7)
Highest this week:						
Iron and Steel (12) ...	69.8	71.7	72.3	3.95	4.12	4.08
Electric supplies (10) ...	136.6	141.4	141.8	3.82	3.85	3.84
Lower this week:						
Building materials (5) ...	99.1	101.6	101.5	4.88	4.75	4.75
Coal (7) ...	94.2	98.9	98.4	4.35	3.43	3.46
Gas (7) ...	131.8	131.9	131.7	4.48	4.47	4.48
Home Rails (4) ...	67.0	66.4	66.1	1.61	1.64	1.62
Miscellaneous (56) ...	74.5	75.5	75.2	4.07	4.06	4.09

Higher prices are shown in the productive group by the iron and steel and motor shares, and in the distributive group by electric supply shares. Armament expenditure is a more encouraging feature in the market than political factors, whose recent course has acted as a depressant in several investment groups.

COMPANY NOTES

Textile Finishing Companies.—Owing to their compact organisation and to the fact that they work mainly on commission from merchants—and not as an integral part of the textile trade itself—the textile finishers were able to resist depression rather longer than the cotton industry, which supplies the great bulk of their turnover. Depression, however, was ultimately inescapable. Between 1924 and 1930 the gross output of the trade was reduced from £41,357,000 to £29,002,000, from which level there has been only a slight subsequent recovery to £29,804,000 for

1934, the latest year for which returns are available. The greatest fall has been in cotton piece-goods, which used to provide approximately three-quarters of the trade's total turnover. The value of work done on cotton piece-goods fell from £30,407,000 in 1924 to £18,762,000 in 1930, with a further fall to £17,031,000 in 1934. Against reductions of this order in the most important section of the trade, the increase in rayon and linen business has been of little avail. Depression, however, has not weighed equally on all sections. Thus, cotton yarns subjected to finishing processes have only fallen from 179,698,000 lbs. in 1924 to 162,765,000 lbs. in 1934, and velvet cutting has not suffered severely. This, together with the relatively satisfactory position of wool, would account for the much better experience of British Cotton and Wool Dyers and of United Velvet Cutters, as compared with other companies in the annexed table. Similarly, within the cotton piece-goods section, the greatest reduction has been suffered in the bleaching business. The reduction in physical turnover, which had already been fully experienced by 1930, inevitably left the industry over-equipped, so that in the following five years the added burden of general depression

(Profits in £'000)							
	1930	1931	1932	1933	1934	1935	1936
Bleachers† (Mar. 31)							
Earned for pref. ...	447.0	Dr20.5	112.6	82.2	Dr44.3	26.5	Dr13.3
Earned % for ord. ...	8.5	Nil	Nil	Nil	Nil	Nil	Nil
Ord. div. ...	6½	Nil	Nil	Nil	Nil	Nil	Nil
Bradford Dyers (Dec. 31)							
Earned for pref. ...	Dr110.6	Dr70.4	Dr112.2	1.7	Dr9.3	Dr66.3	...
Earned % for ord. ...	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ord. div. ...	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brit. Cotton & Wool (Mar. 31)							
Earned for pref. ...	57.6	Dr7.7	25.1	60.7	47.8	39.1	58.9
Earned % for ord. ...	7.4	Nil	3.3	8.8	6.5	5.1	7.6
Ord. div. ...	7½	Nil	3½	5	5	5	6½
Calico Printers (June 30)							
Earned for pref. ...	Dr81.6	Dr326.1	6.7	Dr26.9	14.1	Dr107.6	...
Earned % for ord. ...	Nil	Nil	0.4	Nil	0.9	Nil	...
Ord. div. ...	Nil	Nil	Nil	Nil	Nil	Nil	...
English Velvet & Cord (Dec. 31)							
Earned for pref. ...	26.0	Dr11.7	Dr24.5	Dr17.9	Dr42.6	Dr36.5	...
Earned % for ord. ...	6.0	Nil	Nil	Nil	Nil	Nil	...
Ord. div. ...	6	4	Nil	Nil	Nil	Nil	...
Utd. Turkey Red (Dec. 31)							
Earned for pref. ...	Dr37.7	Dr39.3	16.4	Dr50.5	Dr52.9	Dr38.8	...
Earned % for ord. ...	Nil	Nil	3.2	Nil	Nil	Nil	...
Ord. div. ...	Nil	Nil	Nil	Nil	Nil	Nil	...
Utd. Velvet Cutters (Mar. 31)							
Earned for pref. ...	25.8	9.6	5.4	3.9	11.3	2.1	11.7
Earned % for ord. ...	14.1	5.0	2.8	2.0	5.9	1.1	6.1
Ord. div. ...	10½	6½	6½	6½	6½	5	6½

† Bleachers pref. div. paid to June 30, 1933.
‡ Calico Printers' pref. div. for half year to December 31, 1935, postponed.
§ After normal pref. div. Utd. Turkey Red 2nd pref. paid to December 31, 1933.
English Velvet and Cord pref. div. paid to August 31, 1934.

severely weakened the rates charged by finishers. Naturally, this situation has produced suggestions for elimination of excess plant. The first proposals were put forward about a year ago, and during last month an amended scheme was circulated, aiming at elimination of 25 per cent. to 30 per cent. of the existing plant at a cost of some £1,500,000, which would be paid off over fifteen years by a levy not exceeding 4 per cent. on turnover. Since the volume of business available appears now to have stabilised itself at the lower levels, and even to be showing some slight recovery, a scheme which could restore margins might be effective in re-establishing a measure of prosperity. The aim, officially, is not to increase charges (though no doubt some heavily cut rates would be improved) but rather to reduce costs by ensuring that machinery shall work at or near capacity, instead of about 60 per cent. as at present. The leading units have preserved a strong financial position, despite their long depression, and should be able to respond to improved conditions fairly rapidly. Accordingly, while the difficulty of obtaining the necessary support in other sections of the textile industry suggests caution in assessing the prospects of the present finishers' scheme, there would be reasonable prospects of recovery if it ultimately succeeds and were given legal force. At prevailing prices, however, the preference securities would be a better speculative purchase than the ordinary.

Bank and Discount Interims.—No surprises were anticipated in the interim dividend announcements from the leading banking and discount institutions, and none have occurred. The corresponding distributions of 1935 have been repeated in each case. Banking figures so far published for the half-year suggest that it should have been slightly more profitable. Advances have steadily increased, and a slight hardening of money and bill rates was achieved by discriminatory loan rates and measures to prevent outside "stagging" at the Treasury bill tender. In addition, further recoveries of earlier provisions against loans have probably been effected by the banks. While it would be misleading to over-emphasise the apparent increase in loan and discount rates (for reasons discussed on page 19 of last week's *Economist*), it is probable that the latest dividends are covered with a larger surplus than those of the preceding year. The following table compares the principal current dividends and share quotations with those of a year ago:—

Name and Shares (fully paid unless stated)	1935		1936 Interim	Price (ex div.) July 10, 1935	Price, July 8, 1936	Yield (%)
	Interim	Total				
Banks	Per cent. per annum	%	Per cent. per annum			£ s. d.
Barclays "B" £1 pd.	14	14	14	3½	3½xd	3 11 6
Lloyds "A" £5 (£1 pd.) ...	12	12	12	3½	3½xd	3 16 0
Midland £12 (£2½ pd.) ...	16	18*	16	10½	10½xd	3 16 0†
National Provincial £20 (£4 pd.) ...	15	15	15	15	16	3 15 0
Westminster £4 (£1 pd.) ...	18	20*	18	4½	4½xd	3 15 0†
Martins £20 (£2½ pd.) ...	14	14	14	8½	9½xd	3 15 8
District "A" £5 (£1 pd.) ...	16½	16½	16½	4½	4½xd	3 14 0
Discount Co.'s						
Alexanders £2 (£1 pd.) ...	9	19	9	4½	4½xd	4 1 0
National "A" £2½ ...	10	10	10	6½	6½xd	3 17 0
National "B" £7½ (£2½ pd.) ...	9	26	9	12½	15½xd	4 3 9
Union £1	15	20	15	12½†	22	(a)

* Includes centenary bonus of 2 per cent. † On dividend excluding centenary bonus.
‡ £5 shares with £24 paid. (a) Yield on last dividend unrepresentative owing to change in capital.

Compared with the levels of a year ago, most bank share quotations are fractionally higher, but there is no disposition to anticipate a rise of prices by an appeal to their earnings recovery prospects. The banking trends of the past half-year will be discussed in our Money and Banking section when the full figures are available.

Powell Duffryn Group Results.—The first report of Powell Duffryn Associated Collieries—formed in March, 1935, to amalgamate the properties of Powell Duffryn Steam Coal and Welsh Associated Collieries—states that the work of co-ordinating the two businesses is proceeding satisfactorily. Profits, however, total only £788,284, compared with an estimate of £840,000 for the previous year. Since the advance in mining wages has been only partially offset by increased contract prices, while the established difficulties in the export markets have been augmented by sanctions, full benefit from the economies introduced could not be expected. The balance of revenue available for distribution to Powell Duffryn Steam Coal and Welsh Associated amounts to £475,046, after transferring £150,000 to the general reserve of the operating company. Of this sum, the amount of £420,000 is distributed to the two participating shareholders in the respective two to one proportion which operated for all sums up to £450,000. The subsequent distribution of these payments is shown below:—

Year to March 31, 1936		
Powell Duffryn Associated Collieries		
Profit, after renewals and depreciation	£	788,284
Debt interest and sinking fund		67,125
General reserve		150,000
Preference dividend		96,113
Participating shares dividend		420,000
Carried forward		55,046
Powell Duffryn Steam Coal		
Income from Powell Duffryn Associated	£	280,484
Fees, etc.		4,329
Preference add preferred dividends		50,432
Ordinary dividend		222,992
Carried forward		2,731
Welsh Associated Collieries		
Income from Powell Duffryn Associated	£	140,054
Fees, etc.		3,027
Preference add preferred dividends		129,014
Ordinary dividend		Nil
Carried forward		8,013

Powell Duffryn Steam Coal pays the same ordinary dividend of 6 per cent. on the increased capital, while Welsh Associated net profits suffice to meet the 5½ per cent. preference dividend for the fifteen months up to June 30th and the 4½ per cent. preferred ordinary dividend. At this stage it seems premature to look for a substantial rise in profits. It is necessary, first, that the group should re-establish its position in the export markets, a matter of acute difficulty in the coal trade, where only quotas and exchange restrictions have an international currency. Secondly, further measures of reorganisation are in prospect. For the speculative investor Powell Duffryn Steam Coal ordinary shares, which have ultimate "group gearing" possibilities arising from the company's holding of half the Welsh Associated ordinary capital (on which no dividend has yet been paid) afford the best *entrée* to the group. At 18s. the shares yield £6 13s. 4d. per cent., which suggests no eager discounting of what recovery prospects exist in the prevailing mixed situation.

United Dominions Trust Progress.—The growth of this institution since its establishment fourteen years ago is the measure of its success in supplying long-term commercial credit facilities. In this specialised field, which has always been inappropriate for deposit banking institutions, the Trust has achieved a position of considerable strength and satisfactory profitability. Total profits for the year to June 30th, promptly published this week, have achieved a new record, after the necessary provision for rebate of interest, bad debts and contingencies, of £178,709, compared with £158,683 for the previous year. The ordinary dividend, raised to 17½ per cent. on the reorganised capital, is covered by earnings of 42½ per cent. Expansion of business has undoubtedly been assisted by a prudent reserve policy. Including share premiums, the general reserve now amounts to £1,075,000, compared with an ordinary capital of £425,000. Cash balances of £529,031 are held against loans, acceptances and deposits totalling £3,526,748, while bills and notes receivable have increased from £3,895,123 to £4,712,809. The three subsidiary undertakings show a further expansion in their operations. In particular, loans granted by Credit for Industry Limited, against security have increased by almost £100,000 to £309,143. Accompanying the report is an offer to existing ordinary shareholders of 340,000 out of 500,000 4½ per cent. preference shares which are now held by the Bank of England, at 20s. 6d. per share. The Bank will receive 20s. per share, leaving 6d. premium to cover interest during July at 4½ per cent. and costs of the offer. This offer, which is commended by the directors, will afford the ordinary shareholders an opportunity of acquiring a well-secured preference investment, covered nearly eight times by earnings, on distinctly favourable terms, in the proposition of four preference for every five ordinary shares held. It will be recalled that the Bank of England's interest in the Trust until July last year consisted of 250,000 £2 "B" shares, £1 paid. The uncalled liability was then paid and the shares converted to the preference issue. Originally, the "B" shares carried voting control, but the new preference shares, evidently a preliminary to public distribution, were divested of control. It may, therefore, be presumed that the Bank of England, whose period of association with the Trust has been helpful in every way, is well satisfied with the strong and independent status the Trust has now achieved. The Bank, retaining nearly one-third of the preference capital, will preserve a general interest in an institution which has a progressive and no longer experimental future.

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Richard Thomas Accounts.—The full accounts of Richard Thomas and Company confirm the impressive preliminary figures discussed in the *Economist* of June 20th, page 683. After eliminating extraneous and non-trading credits, the combined gross profit of the group has increased by 35 per cent. from £879,995 to £1,186,635, while the net profits available for Richard Thomas ordinary shares have increased from £208,859 to £327,993, equivalent to some 13.8 per cent. on the ordinary capital. An ordinary distribution of 12½ per cent., therefore, is not ungenerous. The list of recent acquisitions, on which we have commented previously, is set out in the report, the principal item being the purchase of the Ebbw Vale and Lancaster's Steam Coal properties. Both the legal balance sheet and the consolidated statement illustrate the pace of recent expansion. Group fixed assets are £1.8 millions higher at £13,119,279, while an increase of £560,000 in floating assets—now standing at £3,510,525—is shared by rising stocks and debtors' balances. Among the liabilities, an amount of £681,946 is outstanding for works and stocks recently acquired, while current cash resources, at £523,495, are lower on the year. The construction of the new American strip mill, moreover, will involve substantial new finance, but the report is silent regarding the proposal. Since the extension of the tinplate cartel for two years has resolved part of the export trade difficulties, the main problem for investors is, therefore, to assess the long-run implications of the present phase of rapid expansion. The group is undoubtedly efficient; modern plant installations will increase that efficiency. Integration from raw material supplies to finished plates, however, involves problems of optimum size and geographical distribution of plant which are particularly intractable for the average investor. For this reason, shareholders will await Sir William Firth's speech on Wednesday next with particular interest. At 14s. 1½d. the 6s. 8d. ordinary shares yield £5 18s. per cent.

Distillers' Profits.—If the market were satisfied with earnings alone, the indicated improvement in Distillers' earnings would have been more warmly received. Since the announcement of increased dividends by a number of the subsidiaries in May, however, an optimistic section of market opinion has been operating in hope of an increased dividend. Last Friday's set-back, therefore, is easily explained, for although ordinary earnings have risen to 25.4 per cent. the 20 per cent. distribution is maintained. The increased revenue from the subsidiaries can be put at approximately £71,000 net, equivalent to about four-fifths of 1 per cent. for Distillers' ordinary stock. The report shows that profits increased by some £109,000 from £2,212,133 to £2,321,577, out of which the usual allocation for provident fund (£100,000) and a transfer to fire insurance fund (£50,000) is made. The latest profits are compared with those of preceding years below:—

	Years to May 15th		
	1934	1935	1936
Profit, less general expenses, fees and debenture interest	2,140,622	2,212,133	2,321,577
Provident fund	100,000	100,000	150,000*
Preference dividend	100,650	102,300	101,475
Ordinary Shares—			
Earned	1,939,972	2,009,833	2,070,102
Paid	1,637,054	1,657,099	1,640,394
Earned %	23.7	24.3	25.3
Paid %	20	20	20
Reserve	250,000	350,000	400,000
Carry forward	316,339	319,073	348,781

* Includes £50,000 Fire Insurance Fund.

Although profits are struck after various undisclosed provisions, it is possible to check the trend of the company's earnings fairly closely from consumption statistics. Potable spirits showed a very small increase during 1935, from 8,629,000 to 8,645,000 gallons. In the industrial branches, however, consumption for methylation increased from 14.4 to 15.4 million proof gallons and for industrial solvents from 19.4 to 22.7 million gallons. The company, however, pursuing a "Courtauld" policy in the industrial field, has greatly encouraged consumption by accepting a low

profit margin. Total production during the last decade has increased by 89 per cent., but 24 per cent. less is consumed in potable form and 218 per cent. more for industrial uses. Although the potable branches show some improvement, particularly in exports, the £1 ordinary stock units have a long-term industrial equity. They are quoted at 101s. 3d. ex-dividend to yield slightly under 4 per cent., and are thus in company with Imperial Chemical Industries ordinary.

International Tea.—The fall in the earnings of this leading provision store company from £886,591 to £864,557 is somewhat surprising, after the large increase of some £62,500 in the profits of the preceding year. The dividend is maintained at 30 per cent., and covered with a small earnings margin, but in order to maintain the allocation of £100,000 to general reserve for the fifth year in succession, a transfer of £90,000 from dividend equalisation reserve has been necessitated. At the last meeting, the chairman explained that existing contracts of the George J. Mason Stores had delayed the substantial benefits which would accrue to International Stores. The latest figures suggest in part that this important equity is being realised only gradually. Like other provision and catering concerns, moreover, the company may be experiencing the effect of rising wholesale prices upon profit-margins. The analysis of this factor by the chairmen of J. Lyons and the Unilever Stores group will be within the recollection of investors. The latest profits are analysed below:—

	Years ended		
	April 28, 1934	May 4, 1935	May 2, 1936
Trading profits and dividends	824,016	886,591	864,557
Depreciation	75,000	80,000	80,000
Taxation	50,000	50,000	50,000
Other expenses	53,156	51,276	48,856
Preference dividends	131,771	160,296	210,742
Ordinary shares—			
Earned	514,089	545,019	474,969
Paid (gross)	412,314	443,138	465,000
Earned %	39.6	38.9	30.6
Paid %	30	30	30
Reserve account	100,000	100,000	100,000
Dividend equalisation reserve	25,000	Nil	Dr. 90,000
Carry forward	106,965	108,846	108,805

The balance sheet shows comparatively little change. Stock in trade at £967,762 is £46,000 below the previous year's total, a reduction which is compatible with an improvement in stock turn as well as reduced turnover. Interests in subsidiary companies continue to rise. Advances have increased from £547,895 to £648,839, and shareholdings from £2,997,170 to £3,047,103. Nothing in the balance sheet suggests permanent alteration in the earnings trend, and this year's small decline in profits is not the occasion for revising the investment merits of the shares. The regular dividend of 30 per cent. has been maintained since 1929, on an increasing capital. The 5s. ordinary shares fully merit their "gild edged" industrial valuation of 29s. 7½d. to yield a few pence over £5 per cent.

Colvilles-Lanarkshire Steel Merger.—An existing technical link between Colvilles and Lanarkshire Steel Company will be forged into full control by the former concern under arrangements announced this week. Colvilles, whose leadership in the Scottish steel industry has been consolidated by the acquisition, *inter alia*, of the Mossend works of William Beardmore and of almost one hundred per cent. share interest in the Steel Company of Scotland, now controls a capacity of 1,350,000 ingot tons, and has effected considerable modernisation of plant in recent years. The Lanarkshire Steel Company, it is understood, has six furnaces in operation and is producing some 3,300 tons per week. Technical co-operation has been in operation for some time whereby the Lanarkshire plant rolls steel produced by Colvilles' Dalzell works. The Lanarkshire ordinary capital, consisting of 100,000 £1 fully-paid shares and 100,000 shares on which 17s. has been paid, will be acquired by allotment of 130,000 £1

ordinary shares of Colvilles. At the current price of approximately 32s. 6d. for the latter shares, the consideration is equivalent to some £211,000 in cash. The latest Lanarkshire balance sheet showed assets available for the ordinary shares of £289,000, while works and plant, less depreciation, amounted to £456,000. Earnings for 1935 were equivalent to 16.2 per cent. for the Lanarkshire ordinary capital, but no dividend has been paid since 1919. The merger, which has been the subject of intermittent negotiation over a period of years, may be regarded as favourable to Colvilles, who now rank as one of the largest British groups. Since further economies in rolling practice may be expected to result, the equity interest in Colvilles' ordinary shares—which have steadily appreciated since they were offered at 29s. per share last March—should be enhanced.

Hawker Aircraft Profits.—Since this company has continued to work to capacity during the past financial year, it is rather disconcerting that profits have hardly increased. Total income, at £198,476, shows an increase of less than £700; trading profit, shown after provision for depreciation, is actually £1,000 lower at £187,470. While a comparison of strict profits is therefore impossible, the stationary nature of the latest disclosed earnings contrasts sharply with the expansion of the previous year, which is shown in the following table:—

	Years to March 31st		
	1934	1935	1936
Trading Profit after depreciation	138,810	188,557	187,470
Other Income	8,026	9,244	11,006
Total Income	146,836	197,801	198,476
Fees	2,000	2,000	2,375
Taxation	41,266	49,241	38,721
Capital Redemption Reserve	14,500	15,165	15,839
Preference Dividend	11,661	14,888	14,472
Ordinary Shares—			
Earned	77,404	116,507	127,069
Paid	46,500	65,875†	76,250
Earned %	25.0	35.4†	33.3
Paid %	15	20†	20
General Reserve	20,000	50,000	50,000
Carry Forward	10,909	10,866§	11,686

† 20 per cent. on ordinary and 5 per cent. on "A" ordinary.
‡ 35.4 per cent. on ordinary and 8.8 per cent. on "A" ordinary.
§ After writing off £675 Issue Expenses.

The balance sheet, on the other hand, reveals important changes associated with increased turnover. The value of stock and work in progress has risen from £338,958 to no less than £554,198. The amount owing by the Gloster Aircraft subsidiary is more than doubled at £270,185, while debtors have risen from £185,846 to £236,287. Development at this pace has entailed resort to bank overdraft, the net liability of £240,961 contrasting with cash and bank balances of £173,431 a year ago. This overdraft, together with the item of £28,500 shown as owing by the Air Ministry, but not yet agreed by them, is of particular interest in the light of the suggestions regarding Air Ministry contracts made by the Select Committee on Estimates. The Committee considers that progress payments should be made without "undue delay," and should be of sufficient amount to minimise resort to temporary borrowing by the contracting firms. The high value of stocks and work in progress—almost one-third of all the assets—may perhaps imply that the benefits of expanding production will be more fully felt in 1937. The subsidiary company, which made a loss in the previous year, carried forward a profit for 1935-36, and is clearly doing better. On the other hand, it is significant that the Estimates Committee recommend the new principle that in assessing the element of profit in contract prices regard should be had to aggregate profits arising from the great increase in orders. This introduces a further element of uncertainty for the industry, which is still working under "Instructions to Proceed" on contracts for which prices will be agreed with the Ministry later. This consideration rather suggests that the current price of 28s. 4½d. and yield of £3 10s. 6d. per cent. for the 5s. shares is of interest to the specialist than to the ordinary investor.

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London Tin and Anglo-Oriental.—The latest reports of these tin finance companies, writes our mining correspondent, show a distinct recovery from a prolonged period of difficulty. London Tin Corporation received £163,940 from dividends on investments for the year to April 30th, while total income amounted to £197,540. After deduction of expenses and writing off loans amounting to £68,600, a credit of £100,690 remains. A debit of £80,000 was brought forward from the previous year, reduced to the extent of £30,500 by refund of income tax. Payment of the preference dividend for the half-year to September 30th absorbed £37,340, leaving a surplus of £13,840. Thus the preference dividend is still six months in arrear. For the nineteen months ended April 30, 1935, a profit of £51,200 was reported. Payment of five years' arrears on the preference absorbed £379,500, leaving a debit balance of £80,000 to be carried forward after appropriation of the credit of £248,270 brought in. Quoted investments figuring in the balance sheet at £1,940,700 had a market value of £2,448,100 at the date of the balance sheet; the unquoted holdings at directors' valuation represented £915,600. Loans have been reduced from £248,350 to £32,620, while cash has risen from £7,200 to £198,270. The company's holdings are chiefly spread over Eastern, Nigerian and miscellaneous concerns, the former including many of the more important dividend-payers. It is an unfortunate consequence for shareholders that so large a proportion of the latest earnings is required for special provisions. The last cash distribution on the ordinary was 20 per cent. in respect of 1928-29. The Anglo-Oriental Mining Corporation, which depends for its revenue largely upon its holding of ordinary shares in the London Tin Corporation, made a profit of £1,630 for the year to April last, against a loss of £17,960 in the preceding ten months. One year's dividends was then paid on the preference shares, leaving payments in arrears since August, 1931. The company's holding in London Tin, at cost, appearing in the balance sheet at £1,212,750, had a market value of £317,320 at the date of the balance sheet. A loan to the Anglo-Oriental and General Investment Trust has been reduced from £360,000 to £269,000, while cash has risen from £2,170 to £75,940.

Venterspost Developments.—Prior to public flotation, encouraging values were struck by diamond drill on several sections of the Venterspost property. More recently, bore hole No. 7, in the Southern area, intersected the main reef at a depth of 3,224 feet, the value averaging 3.92 dwts. over the exceptional width of 189 inches. At the end of May a further bore hole passed through an alluvial reef at a depth of 2,774 feet, the assay showing 30.2 dwts. over a bore-hole width of 7 inches. In each case the news stimulated the share market. But these were minor movements compared with the rise which has accompanied the news of the intersection of the reef in No. 1 shaft. At a depth of 1,682 feet and 1,691 feet, sampling around the whole periphery of the shaft at 1,682 feet gave an average of 31.6 dwts. over a reef width of 7 inches, the ore body conforming to that intersected at the same horizon by the two bore holes. The official cable announced that the reef represents one of the upper beds of the main reef series. A later cable stated that at 1,691 feet the reef gave an average of 4.22 dwts. over 46 inches. Shaft sinking was at first delayed owing to the water-logged condition of the ground, but the difficulty has been surmounted by cementation, and the shaft is now in the solid underlying rock formation. Progress in the future is expected to be more rapid. At one time last week Venterspost 10s. shares approached 55s. On this basis the property would be valued in the market at about £7½ millions, there

being 2,800,000 shares in issue. This level appears adequately to discount the prospects, so far as they can be judged. On the news of the Venterspost developments the shares of neighbouring companies have enjoyed a miniature boomlet, and interest has spread to the shares of developing companies in the Eastern and South-Eastern as well as the Far Western sections of the Rand. It is probable that some of these shares will be obtainable at a lower figure before the production stage is reached.

* * *

Other Company Results.—Our usual table of other company results, on page 96 of this issue, gives the profits of 57 companies which are not discussed in preceding notes. A number of important recoveries are included in the list. Thus, *South African Breweries* reports an increase in net profits from £359,114 to £424,414, the dividend having been raised from 17½ to 20 per cent., tax free. In the property group, *Covent Garden Properties* reports slightly higher profits of £122,722, the dividend being maintained at 7½ per cent. *Davy Brothers* have converted a loss of £20,037 into a profit of £21,571, while *Grovesend Steel and Tinplate* (a Richard Thomas subsidiary) shows a very satisfactory increase in earnings. The accounts of *Phoenix Oil and Transport* show a profit of £183,886 compared with £134,275 for the previous year, dividends having again been passed. The announcement of a recovery in *Tankers'* profits (£97,292 against £33,404) comes opportunely on the publication of a revised scheme of reconstruction, which has been approved by a majority of the Committee of Shareholders. This week's tea company results are particularly interesting. Among the companies which show substantially increased profits and, in most cases, higher dividends are *Assam Frontier* (£26,168 against Dr. £10,322), *Dooars* (£64,288 against £38,092), *Empire of India and Ceylon* (£51,485 against £21,245), and *Jorehaut* (£59,199 against £23,386). *Anglo-Dutch Plantations of Java* shows a reduction in profits from £105,421 to £93,768, but the dividend is maintained at 4 per cent. Although net revenue of *Trustees' Corporation* is slightly reduced at £102,025, the dividend is one-half per cent. higher at 9 per cent. In the industrial list, the full report of *British Plaster Board* confirms the impressive profits announced recently. Net profits have jumped from £129,311 to £301,886, and the dividend has been raised to 50 per cent. *Broadcast Relay Service*, whose franchise is to be extended to the end of 1939, reports a large expansion in earnings from £30,320 to £79,923. Net profits of *E. K. Cole* have been reduced from £247,178 to £204,842 owing to intense competition in the radio industry, but the dividend has been increased from 30 to 40 per cent. *Millar's Timber* has enjoyed a profitable year, after the capital reconstruction, and earnings are £50,000 higher at £39,485, covering the 5 per cent. dividend with a satisfactory margin. The preliminary results of *Johannesburg Consolidated* show a slight decline in profits from £1,142,031 to approximately £1,086,000. The dividend is maintained at the rate of 20 per cent.

OFFER TO NEW READERS

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

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Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—National Bank of New Zealand, Imperial Bank of Iran, P. and O. Banking Corporation, Trust Company of London and Scotland, Zinc Corporation, Anglo-Ceylon and General Estates, Gordon (Malaya) Rubber Estates, British Glues and Chemicals, Amalgamated Dental and Meekatharra Gold Mines. Sir Austin Harris's reassurances at the National Bank of New Zealand meeting regarding the New Zealand debt service are discussed on page 71. Sir William Preston, at the P. and O. Banking Corporation meeting referred to the big demand for Indian Government securities following the dishoarding of gold. At the Imperial Bank of Iran meeting, the chairman said that the Iranian note circulation, which had risen from 338 to 600 million rials between March, 1935 and 1936, might well expand still further. Sir Robert Horne, at the Zinc Corporation meeting, attributed the considerable increase in liquid assets to the reduction of investments and also of stocks of concentrates and metals in course of realisation. Mr. Alfred Shepherd, at the Trust Company of London and Scotland meeting, pointed out that the valuation of investments showed a depreciation of only 19.03 per cent., as against 28.83 per cent. in the previous year. At the Amalgamated Dental meeting, the chairman reported that although international trading had not improved, the directors were encouraged by better business in the Home and certain overseas territories to continue their policy of expansion. The chairman of the Gordon (Malaya) Rubber Estates meeting anticipated that the extra production released by the 5 per cent. addition to the July-December quota would be readily absorbed. Sir Edward Rosling, at the Anglo-Ceylon and General Estates meeting, in referring to tea restriction problems, emphasised the real need for increased consumption. At the British Glues and Chemicals meeting the chairman attributed the improved profits to a bigger volume of trade, manufacturing control and economies and slightly increased prices. Mr. Alfred Collier, at a meeting of Meekatharra Gold Mines, dealt at length with work done and reports received concerning the Lalla Rookh area.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
JULY 21

ACCOUNT
JULY 23

THE market has made light of its kicks this week, without finding many consolatory ha'pence. In particular, the Chancellor's preparation of public opinion for a Budget deficit, at the end of last week, exerted no marked pull upon prices. Even in the gilt-edged market, where the consequences might have been severely felt, it resulted in no more than a temporary waver and rather sullen conditions later. For the industrial markets there is, of course, the other side of the medal, exemplified by Thursday's £20 millions Supplementary Estimate. Speculative interest has concentrated in the iron and steel sections of the industrial market, and among the developing Kaffir undertakings. Restive political conditions, however, are responsible for the present phase of marking-time, the market's attitude, save in certain special groups, still being on the defensive.

Political uncertainty abroad, combined with Mr Neville Chamberlain's forecast of a Budget deficit, produced a passing uneasiness in the gilt-edged market early this week. Funding issues were largely unaffected, and the greatest reaction was in Old Consols. Price movements subsequently have not been large, but conditions have remained quiet and leaden. Increasing confidence that the last has been heard of suggestions to modify the New Zealand loan services has been followed by Sir Austin Harris's officially authorised assurances at the National Bank of New Zealand meeting. Although the actual volume of business has not markedly increased, dealing margins have been reduced.

Home Corporation issues have lately been particularly inactive. It is expected, however, that the lull will be interrupted by the loans of a few corporations before the

holiday "close" season "sets in." Birkenhead and Nottingham in particular, are suggested as likely borrowers.

In the foreign bond market, Danzig loans have suffered severely from Herr Greiser's statements at Geneva, and as yet show no real signs of recovering. Polish bonds, similarly, have been weak. In expectation of a positive outcome of the debt talks, Greek issues have hardened. Among Far Eastern issues, interest has switched from Chinese to Japanese loans, the 4 per cent. 1899 and the 5 per cent. 1907 issues leading a moderate advance. Details of the French "baby" bond issue made on Friday were awaited with interest, though estimates of the rate of interest ranged a little inconsequently between 2½ per cent. and 4 per cent.

Home Rails began the week very quietly, interest being centred mostly upon debenture and preference stocks. Ordinary stocks were disinclined to anticipate the findings of the National Tribunal regarding the restoration of the wage cuts, but more impressive traffics helped later to bring about a firmer tone and a better volume of business. Foreign rails provided no feature of interest. Leopoldina stocks fell after the publication of the report, and have so far failed to recover. The rise in wheat prices awakened some interest in Argentine ordinary stocks, but proved only a temporary stimulus.

The industrial shares market closed last week's account in a quietly confident manner, and business opened this week with prices steady, and buyers selecting the issues which are reaping the benefits of re-armament. Throughout the week the tone has been cheerful, although the volume of transactions has not been large, and in sections out of the limelight there has been rather a soft tendency. In the iron and steel section John Brown have been very prominent in the confident expectation that the company will secure the contract for the next mammoth liner, and a new high was reached. Clarke Chapman were in demand on reports of good business, and Richard Thomas shares improved on the full report. The aviation section was slightly irregular at the opening of the week, but

became much firmer on the supplementary estimates. Hawker were dull on the report, but improved slightly with the general trend. The motor section, by contrast, has not attracted much attention, but Standards improved in mid-week.

In the electrical equipment group, Crompton Parkinson opened the week with a rise, but profit-taking developed later. Electrical supply shares became somewhat firmer. Business in the stores securities has not been very active, but Woolworth continued to improve. Movements in the textile section have been irregular and not of great importance. Courtaulds kept their level on the maintained interim dividend, which was generally expected. Shipping shares were dull, with several small losses, and interest in brewery issues, which had been fairly keen at the end of last account, died away as the week progressed. Seager Evans were a feature on the resumed dividend. Tobaccos have been firm and improved slightly in mid-week.

The miscellaneous industrials section has put up a very satisfactory performance, with buying selective but persistent. British Oxygens have been a firm favourite, on good business reports, and have risen steadily; but the miscellaneous engineering company issues have been in the forefront of the market. British Piston Ring, Timken, and Hoffman Manufacturing have all benefited. As the week progressed interest increased in the building materials section, particularly in cement issues, with Associated Cement in the lead. There was an active market in Gaumont-British shares.

In the oil share market conditions were quiet until dealings in the Eagle issues became very active on Tuesday afternoon, and continued until profit-taking checked the rise in mid-week. Anglo-Ecuadorian continued to be in demand, and there was a good market for Attock shares. In the Roumanian group, Phoenix issues suffered from inability to transfer funds for dividend payments, although production last year reached a high record. There was continued selective buying of rubber issues, but the market is very restrained and reacted slightly in mid-week. The tea shares

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market is as modest as ever, with a small volume of investment support in the Indian section.

Interest in the Kaffir market has been well maintained, and in mid-week the market moved upward again after a short turn of profit-taking on Wednesday. The development companies have been the centre of attraction, with Venterspost and West Witwatersrand in the lead. Very satisfactory results have been obtained in the Venterspost No. 1 shaft. There was some disappointment on the profits of "Johnnies." The West African section continues to attract increasing business, but there have been no marked price changes. There has been very little activity in Rhodesian copper descriptions. Tin company shares have improved on the rise in the price of the commodity, and the greater prospects of renewing the international restriction scheme.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to July 3, 1936	July 2, 1936	July 3, 1936	July 6, 1936	July 7, 1936	July 8, 1936	July 9, 1936
Government and Municipal Loans	5,605	1,177	1,182	1,398	1,108	1,171	1,083
Transport, Communications, and Public Utilities	4,670	960	978	1,044	965	928	887
Commercial and Industrial	23,475	4,270	4,754	4,787	4,285	4,859	4,436
Banks, Insurance and Financial	2,996	628	576	604	562	607	470
Mines (including Nitrates)	6,920	1,362	1,466	1,452	1,282	1,755	1,347
Oils	986	180	131	206	198	241	208
Rubber, Tea and Coffee	1,626	245	369	555	470	465	313
Total	46,278	8,822	9,456	10,046	8,870	10,026	8,744
Corresponding day in 1935	...	9,540	9,748	10,797	8,923	8,904	8,180

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	July 2, 1936	July 3, 1936	July 6, 1936	July 7, 1936	July 8, 1936	July 9, 1936
114.5	107.4	112.0	111.9	111.4	111.3	111.6	111.9

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1936 (Feb. 19)	Lowest of 1936 (June 26)	July 2, 1936	July 3, 1936	July 6, 1936	July 7, 1936	July 8, 1936	July 9, 1936
138.4	136.2	136.3	136.3	136.3	136.4	136.4	136.4

FOREIGN STOCK EXCHANGES

NEW YORK

LAST week the market closed for the Independence Day holiday with improved spirits. It was hoped that rain in the Western States would relieve the danger of a widespread drought, and that the Government's relief measures would preserve the affected States from disaster. An improvement was shown in motor shares on the excellent output figures, in utilities on hopes of weakening Government threats and on a marked increase in orders placed by the utilities for new equipment (which reacted also to the benefit of equipment companies), and in building shares on expected increased demand for houses. Various issues were bought in expectation of increased dividends under the new tax Bill. The markets opened this week in a more disturbed atmosphere, with threats of troubles in the steel industry depressing steel shares, and with rising estimates of damage done by the continued drought, which has produced a sharp rise in grain prices and a sympathetic improvement in certain food company securities, and, conversely, has depressed securities of companies dependent upon farmers' purchases. There was an improvement in sentiment in mid-week, with railroad securities in the lead on the very favourable comparison between car-loadings

for the first week of July with the figures for the same period a year ago. Electricity output is still well above last year's level, and although *Iron Age* estimates steel mill activity at 70 per cent. compared with 71.5 per cent. last week, orders in hand are still considerable. The Securities and Exchange Commission has introduced easier regulations for issuing prospectuses which are expected to permit briefer prospectuses and to facilitate new issues.

	July 1, 1936	July 8, 1936	July 8, 1936	July 1, 1936	July 8, 1936	July 8, 1936
	1936	1936	Eng. Equiv.†	1936	1936	Eng. Equiv.†
U.S. 2½% Treas. Bds. 1945-47	103½	103½	103½	Natl. Biscuit	34½	33½
Atchafalpa	76½	74	73½	Phelps Dodge	33	32½
Erle	121	123	123	Pullman	46	45½
Illinois Central	21½	21	20½	Sears Roebuck	72½	72½
N.Y. Central	36½	35½	35½	U.S. Fruit	77½	77½
Pennsylvania	32	32	31½	U.S. Leather	61	61
Southern Pacific	33½	32½	32½	U.S. Rubber	28½	27½
Southern Ry.	16½	15½	15½	U.S. Steel	58½	57½
Union Pacific	127	124½	124	Westinghouse	123½	121½
				Woolworth	53½	52½
Am. Can.	132½	132½	131½	Am. Tel. and Tlg.	166	167
Amer. Smelting	79½	76½	75½	Int. Tel. Teleg.	14	13½
Anaconda	33½	34	33½	Utilities P. & L.	4	4
Bethlehem Steel	50½	48½	48½	W. Union Tlg.	85½	83½
Chrysler Motor	112½	110½	110½			
Corn Products Rf.	79½	72½	72½			
Eastman Kodak	170½	168½	167½			
Gen. Electric	38½	38	37½			
Gen. Motors	66½	67	66½	Shell Union	17½	17½
Int. Harvester	86½	79½	79½	Sid. California	37½	36½
Mont. Ward	43½	42½	42½	Do., N.J.	58½	58½

† Calculated at \$5.02 to £.

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

	1935		1936 (Jan. 1 to July 8)		Beginning of Year 1936	June 24, 1936	July 1, 1936	July 8, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Apr. 8				
551 Industrials	74.5(1)	112.3	112.7	127.1(4)	112.3	123.4	121.6	121.0
33 Rails	27.4	43.0(w)	42.8	51.1(b)	41.5	48.6	48.3	48.7
87 Utilities	52.2	93.6	91.2	106.2(a)	93.6	103.9	102.5	104.0
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	108.0	106.5	106.4
Average yield of 50 Industrial Common Stocks	3.02% (v)	4.06% (1)	High 3.80% (c)	Low 2.95% (c)	3.22%	3.38%	3.45%	3.48%

(a) February 11th. (b) February 19th. (c) April 29th. (d) April 8th.
(e) March 13th. (f) November 13th. (g) December 4th.

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

Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	July 1, 1936	July 2, 1936	July 3, 1936	July 4, 1936	July 6, 1936	July 7, 1936	July 8, 1936
147.6	126.2	140.6	140.5	141.7	Closed (a)	140.8	139.4	139.8

(a) Independence Day.

TOTAL DEALINGS IN NEW YORK

	July 2, 1936	July 3, 1936	July 4, 1936	July 6, 1936	July 7, 1936	July 8, 1936
Stock Exchange—Shares (Thous.)	1,070	1,020	Closed (a)	840	970	870
Bonds (Value Thous. \$)	9,430	9,360		8,630	10,640	10,390
Curb—Shares (Thous.)	323	283		228	250	207

(a) Independence Day.

PARIS

Rentes have not continued the triumphal progress which was expected to precede the "baby" bond issue on Friday this week. Despite encouraging declarations by the Finance Minister, operators began to unload Rentes a week ago, but, thanks to the timely arrival of fresh support, only slight net falls were registered in prices. Foreign news during the week-end was depressing, and caused a weakness on Monday in all sections of the market, except internationals. Trouble with the Croix de Feu did nothing to help local conditions, and Rentes, which fell by round about one franc, shared in the general trend. This weakness, however, did not prove serious, for although Tuesday's session was quiet and selling pressure continued, the actual changes in quotations were small, and by mid-week the general tone was noticeably firmer in spite of

continued restriction in the volume of business. Operators were unwilling to undertake large commitments until the precise terms of the new bond issue were known.

	July 1, 1936	July 6, 1936	July 8, 1936		July 1, 1936	July 6, 1936	July 8, 1936
Banque de France	6,000	6,055	6,585	Wagons Lits	43½	43	42
Crédit Lyonnais	1,340	1,266	1,270	Mexican Eagle	91½	91	94
Suez Canal	19,700	19,550x	19,630	"Chartered"	108	110½	108½
Chargeurs Réunis	220	206	213	Ford	42	37½	37½
Rio Tinto	1,039	1,132	1,029	De Beers	645	644	645
Royal Dutch	27,300	27,325	27,600	"Johannes"	316½	315	310

BERLIN

Special interest developed last week in home banks, German overseas banks and overseas securities generally, in particular Otavi Copper. Among standard industrials the chief demand was for automotive industry shares and for the securities of such companies as have been freed from the valorisation risk under the new law, which prescribes that foreign currency bonds held by Germans shall be payable in marks at the current (depreciated) exchange. The leading home commercial banks gained about four points; Deutsche Ueberseeische Bank rose from 149 to 165, Deutsch-Asiatische Bank from 619 to 725, and Otavi from 26 to 30. Hamburg-America Shipping gained ten points on the expectation of favourable terms of reorganisation. Dollar bonds were irregular, after an initial decline in certificated bonds. Early this week news from Geneva caused a rather hesitant tone, which, however, lasted only a short time and was not characterised by any large falls. Little business has been done since, the greatest activity being in bank shares. The official shares index (1924-26 = 100) for June was 101.64, as against 99.25 for May; bonds index 95.82, against 95.49.

	July 1, 1936	July 6, 1936	July 8, 1936		July 1, 1936	July 6, 1936	July 8, 1936
Reichsbank	195.75	196.50	197.25	A. E. G.	34.60	36.90	37.40
D.D. Bank	93.50	97.25	97.25	Siemens and Halske	207.50	204.50	204.00
Dresdner	94.00	97.25	97.25	A. K. U.	53.25	52.00	53.00
I.G. Farben-	169.60	169.00	168.10	Hamburg-Amer.	14.90	14.60	14.50
Norddeutscher Lloyd (New)	16.25	15.75	15.50				

AMSTERDAM

The last few days have brought in no new trends, and although conditions have been very quiet prices have not fallen, nor have they fluctuated within wide limits. If interest can be said to have centred in any section at all, it has been found (as for a few weeks past) in rubber and tobacco issues. In addition, however, tin share prices have rallied on this week's more encouraging developments. The market awaits a further reduction in the Bank rate, which at 3 per cent. is still above the market rate, and is therefore ineffective.

	July 1, 1936	July 6, 1936	July 8, 1936		July 1, 1936	July 6, 1936	July 8, 1936
2½% Dutch Loan	75½	74½	74½	Steel Common	36½	36½	32½
5½% German	181	181	181	A. K. U.	21½	22½	22½
Unilever N.Y.	113½	113½	114½	Ford Motor	200½	202½	200½
Philips Lamp	171½	168½	158	Deli Batavia Tob.	183	190½	185½
Netherland Ship Union	46½	48½	47½	Royal Dutch	268½	272½	261½
				Handels Am.	251½	253½	257½

CAPITAL ISSUES

AFTER the recent high pressure, the new issue market has been accorded a slight respite this week. Although a resumption of Corporation borrowing has been discussed as a possibility in the near future, no arrangements have yet been made. An issue on similar terms, however, has been made by *The Electricity Board for Northern Ireland* in 3 per cent. stock dated 1955-60 at £98 10s. per cent. The proceeds are required for repaying temporary loans (which now total £1,597,000) raised for constructing transmission lines in the Board's area. The stock is guaranteed as to principal and interest by the Ministry of Finance for Northern Ireland, and is eligible for trustees in Northern Ireland only. This may limit interest in the issue in the London market, where several recent corporation scrips are standing at relatively attractive discounts. *Hosegood Industries* is a holding company formed to acquire interests in flour milling concerns in the West of England. The present issue of 5 per cent. £1 preference shares at 10s., and the subscription at par of 300,000 5s. ordinary shares by brokers, is to provide finance for extensions. The subsidiaries show rising profits during the

OTARD'S

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THE BRANDY WITH A PEDIGREE

past three years, and the preference dividend is covered satisfactorily. There seems, however, no compelling advantage in reorganising the business on holding company lines. *Newall Engineering Company*, whose 5s. ordinary shares are offered at 5s. 9d. per share, shows a three-year profit record of which only the latest year's profits are on a satisfactory level. Total assets amount to £55,054, of which nearly £30,000 is taken over at balance sheet or directors' valuation. After deduction of overdraft and creditors, net assets of £30,948 remain, and are acquired for £46,970. This appears rather generous consideration for a business whose profits during the last three years have been: £2,705; £2,140; and £12,042. The net assets of *Newman and Watson*, valued at £69,568, have been acquired for £98,568. The prospectus, in setting out the earnings for the 10s. preference and 2s. ordinary shares (the latter issued at 100 per cent. premium) employs the results of the latest year, which were over 50 per cent. larger than those of the previous year, and nearly 150 per cent. larger than two years earlier. These two issues fall in a speculative category. Statements for information have been published this week by *Sahang Rubber Selections*, *Elswick-Hopper Cycle and Motor*, *D. Anderson and Son*, *Banister, Walton and Company*, and *Courtney, Pope and Company*.

ISSUES OF THE WEEK

January 1 to July 4, 1936, including conversions, Old Basis, £186,910,302.
January 1 to July 4, 1936, excluding conversions, Old Basis, £102,614,361.
January 1 to July 4, 1936, including conversions, New Basis, £265,375,145.
January 1 to July 4, 1936, excluding conversions, New Basis, £180,191,953.

National Savings Certificates, Net receipts four days ended July 4, 1936, £50,000.

	Nominal Capital	Conversions	New Money
To the Public	£	£	£
Electricity Board for Northern Ireland (1,500,000 Northern Ireland Electricity 3% guar. stk. 1955-60 at 98½%)	150,000	...	1,477,500
Hosegood Industries, 350,000 5% cum. £1 pref. at 21/-	350,000	...	367,500
Newall Engineering 200,000 "A" 5/- ord. at 5/9 each	50,000	...	57,500
Newman and Watson, 120,000 6% cum. 10/- pref. at par	60,000	...	60,000
Do. 600,000 2/- ord. at 4/- each	60,000	...	120,000
Total	2,020,000	...	2,082,500

	Nominal Capital	Conversions	New Money
To Shareholders only	£	£	£
African City Properties Trust, 25,000 £1 ord. shares at 45/- each	25,000	...	56,250
Goldfields Australian Development, 174,000 5/- shares, at 10/- each	87,000	...	174,000
Metal Box, 100,916 £1 ord. shares, at 3/- each	100,916	...	302,748
New Columbia Rubber, 200,000 2/- shares, at 3/- each	20,000	...	30,000
Phillips (H. W.), 250,000 2/- ord. shares, at 2/9 each	25,000	...	34,375
Settle, Speakman and Co., £300,000 4½% deb. at par (to repay £154,913, 6½% deb. stk.)	300,000	154,913	145,087
Simonds (H. & G.), conversion of £359,250 6% deb. at 125 = £449,062 and £348,280 4% stk. at 110 = £383,108 (issue of 3½% deb. stk., at 98% in their place)	832,170	832,170	...
Total	1,390,086	987,083	742,460

	By Stock Exchange Introduction (at opening price)		
Anderson (D.) and Son, £110,000 5½% pref. £1 at 21/- each	110,000	...	115,500
Do. 280,000 ord. 10/- at 17/3 each	140,000	...	241,500
Banister, Walton and Co., 400,000 5/- shares, at 15/- each	100,000	...	300,000
British Thermostat, 552,000 5/- ord. at 8/9 each	138,000	...	241,500
Ductile Steels, 300,000 5/- shares, at 8/9 each	75,000	...	131,250
Elswick Hopper Cycle and Motor, 106,259 £1 ord. at 47/8 each	106,259	...	252,364
Marks and Spencer, £2,500,000 3½% deb. stk., issued at 98% opened at 99½%	2,450,000	...	2,498,750
Oceana Laundry, 100,000 6% 10/- pref. shares, at 10/6 each	50,000	...	52,500
Do. 500,000 2/- ord. shares, at 2/7½ each	50,000	...	65,625
Placer Development, 700,000 shares, at 80/-, opened at 85/- each	2,800,000	...	2,975,000
Total	6,019,259	...	6,868,989

By Permission to Deal
During week ended July 4, 1936

	Including Conversions	Excluding Conversions	Total Offered for Subscription—Including Conversions	Excluding Conversions
January 1 to date—				
1936 (New Basis)	276,266,692	190,096,417	Whole year (Old Basis)	
1935 (Old Basis)	275,772,345	105,489,321	1935	548,351,993
1935 (New Basis)	255,171,520	148,269,889	1934	410,980,000
1935 (Old Basis)	180,694,638	69,924,096	1933	467,921,500
January 1 to date (Old Basis)—				
1934	275,300,602	106,316,621	1932	2,699,684,265a
1933	188,786,699	112,816,465	1928	683,000,056
1928	267,962,485			369,058,073

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

(Continued on page 82)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935		Prices, Year 1936		Name of Security		Price, July 1, 1936		Price, July 8, 1936		Rise or Fall		Yield, July 8, 1936		Name of Security		Price, July 1, 1936		Price, July 8, 1936		Rise or Fall		Yield, July 8, 1936	
High	Low	High	Low			High	Low	High	Low	(a)	(b)	(c)	(d)			High	Low	High	Low	(a)	(b)	(c)	(d)
British Funds																							
94½	80	87½	83½	Consols 2½		85½	85	—	—	—	—	—	—	Bank of New Zealand 1		37½	35½	—	—	—	—	—	—
118½	109½	116½	113½	Do. 4% Red. at par		114½	114	—	—	—	—	—	—	Bank of England 1		37½	37½	—	—	—	—	—	—
103½	97½	102½	101	Convers. 2½ Feb. 1937 (p)		101½	101	—	—	—	—	—	—	Barclay B. (1)		79½	79½	—	—	—	—	—	—
107½	100½	105½	104½	Do. 3%, 1948-53		104½	104	—	—	—	—	—	—	Barcl. (Dom. &c.) A 1		47½	47½	—	—	—	—	—	—
112½	100½	108½	104½	Do. 3½, after 1981 (s)		107½	107	—	—	—	—	—	—	Bk. of Australasia (£5)		91	91	—	—	—	—	—	—
114½	108½	111½	108½	Do. 4½, 1940-44		109½	109	—	—	—	—	—	—	Bk. of Montreal (800)		138	138	—	—	—	—	—	—
124½	115½	121½	117½	Do. 5%, 1944-64		118½	118	—	—	—	—	—	—	Bk. of N.S. Wales (200)		26	26	—	—	—	—	—	—
106½	98½	104½	102½	Funding 2½, 1956-61		93½	93	—	—	—	—	—	—	British Overseas A 5		85½	85½	—	—	—	—	—	—
121½	111½	117½	113½	Funding 3%, 1959-69		103½	103	—	—	—	—	—	—	Chtd. of India (£5)		144	144	—	—	—	—	—	—
119½	110½	117½	113½	Funding 4%, 1960-90		117	117	—	—	—	—	—	—	Cont. Bk. of Aus. 10½		90	90	—	—	—	—	—	—
110½	101½	108½	104½	War Bonds 4½, 1952-57		108	108	—	—	—	—	—	—	District A 5, 1 pd.		90	90	—	—	—	—	—	—
104½	96½	103½	101½	War L3½, after 1952 (p)		108	108	—	—	—	—	—	—	Do. B 1 fully paid		55½	55½	—	—	—	—	—	—
98½	89½	97½	94½	Local Loans 3%, 1940-60		96½	96	—	—	—	—	—	—	Eng. Scot. & Aust. 5 3pd		85½	85½	—	—	—	—	—	—
104½	96½	103½	101½	Austria 3%, 1933-53		102½	102	—	—	—	—	—	—	Hambros 10, 12½ pd		111	111	—	—	—	—	—	—
98½	89½	97½	94½	India 2½		72	72	—	—	—	—	—	—	Hong. and S. (£125)		103½	103½	—	—	—	—	—	—
95½	86½	93½	90½	Do. 3½		85½	85	—	—	—	—	—	—	Lloyds 5, with 1 pd.		64½	64½	—	—	—	—	—	—
119½	112½	120½	116½	Do. 4½, 1958-68		118	118	—	—	—	—	—	—	Martins 7½, 1 pd.		91½	91½	—	—	—	—	—	—
108½	105½	112½	109½	U.K. & Arg. 4½ (1947)		105	105	—	—	—	—	—	—	Midland 1, fully pd.		42½	42½	—	—	—	—	—	—
Foreign Governments																							
113½	106½	112½	109½	Australia 5%, 1945-75		110	110	—	—	—	—	—	—	Nat. of Egypt 10		43½	43½	—	—	—	—	—	—
108½	106½	112½	109½	Canada 4½, 1940-60		102½	102	—	—	—	—	—	—	Nat. of India (£25, 12½ pd)		44½	44½	—	—	—	—	—	—
119½	112½	117½	114	Galt Coast 4½, 1958		114	114	—	—	—	—	—	—	Nat. Prov. £20, 1 pd.		15½	15½	—	—	—	—	—	—
121½	116	120½	118½	Nigeria 5%, 1950-60		119	119	—	—	—	—	—	—	Royal Bk. of Scotland		490	490	—	—	—	—	—	—
115½	107½	114½	108	N. Zealand 5%, 1946		109	108	—	—	—	—	—	—	St. of S. Af. £20, 1 pd.		15½	15½	—	—	—	—	—	—
110½	103½	109½	107	Queensland 5%, 1940-60		108	108	—	—	—	—	—	—	Westminster 4½, 1 pd.		95½	95½	—	—	—	—	—	—
118½	117½	124½	121½	S. Africa 5½, 1945-75		115	115	—	—	—	—	—	—	Discount Cos.									
101½	98	103½	101½	Argentina 4½ Rese. 1952		101½	101	—	—	—	—	—	—	Alexanders 1½, 1 pd.		95½	93½	—	—	—	—	—	—
101½	82	97½	90	Austria 7%, 1957		92½	92	—	—	—	—	—	—	National A 2½ fly. pd.		15½	15½	—	—	—	—	—	—
101½	76	93	82	Do. 4½, 1934-59		86½	86	—	—	—	—	—	—	Nat. of N. Z. 1½ pd.		15½	15½	—	—	—	—	—	—
68½	61	67	67	B. Aires (Prov.) 3½		67	67	—	—	—	—	—	—	Union 1 of stock		55½	55½	—	—	—	—	—	—
112½	106	111½	107½	Belgian 7%, Red. by 1956		107½	107	—	—	—	—	—	—	Insurance									
20	14	20	14	Bulgaria 7½ Loan		16½	16	—	—	—	—	—	—	Alliance 1, fully pd.		31	31	—	—	—	—	—	—
23½	13	20	16	Brasil 5% Fund. 1914		16½	16	—	—	—	—	—	—	Atlas 5½, 1 pd.		15½	15½	—	—	—	—	—	—
91½	71	83½	66	Chili 8% (1929)		72½	72	—	—	—	—	—	—	Can. Un. 1, fully pd.		11	11	—	—	—	—	—	—
100½	84	95½	80	China 5% (1912)		85½	85	—	—	—	—	—	—	Gen. Accident 5½, 1 pd.		26½	26½	—	—	—	—	—	—
113½	99½	112	97½	Czechoslovakia 8%		101	99	—	—	—	—	—	—	Lon. & Lanc. 5½, 2 pd.		36	36	—	—	—	—	—	—
103½	93	110	98	Danish 3½		110½	110	—	—	—	—	—	—	N. Brit. & Merc. 1½ pd.		13½	13½	—	—	—	—	—	—
109½	98	105½	102	Egypt Unified 4%		103	104	—	—	—	—	—	—	Northern 10, 1 pd.		22½	22½	—	—	—	—	—	—
108½	98	105½	102	French 4% (British)		23	23	—	—	—	—	—	—	Pearl (1), fully paid		23	23	—	—	—	—	—	—
108½	98	105½	102	German 7%, Daves Lm.		58	56½	—	—	—	—	—	—	Phoenix 1, fully pd.		17½	17½	—	—	—	—	—	—
108½	98	105½	102	Do. 5½ (Young Lm.)		58	56½	—	—	—	—	—	—	Prudential 1 A		37½	37½	—	—	—	—	—	—
37½	26	37½	30	Greek 6% Stab. Ln.		34½	34½	—	—	—	—	—	—	Do. 1, with 4½ pd.		112½	112½	—	—	—	—	—	—
45½	31	45½	36	Do. 7% Refugee		41½	41½	—	—	—	—	—	—	Royal Electric (1)		11½	11½	—	—	—	—	—	—
51½	38	48	39½	Hungary 7%		42½	42½	—	—	—	—	—	—	Royal 1, 10½ pd.		9½	9½	—	—	—	—	—	—
91½	78	90½	79½	Japanese 5½, 1936-65		79½	80½	—	—	—	—	—	—	Royal 1, 10½ pd.		9½	9½	—	—	—	—	—	—
97½	85	97½	83	Do. 6% (1924) Red. 1959		88½	88	—	—	—	—	—	—	Scott. Insur., 1, fully pd.		4½	4½	—	—	—	—	—	—
144½	115	140	122	Norwegian 4½ 1911		130	130	—	—	—	—	—	—	Sw. Insur. 1½, 1 pd.		4½	4½	—	—	—	—	—	—
100½	87	93½	80	Poland 4½ 1922		84½	84	—	—	—	—	—	—	Yorkshire 1, 1 pd.		20	20	—	—	—	—	—	—
144½	106	155	123	Romania 4½ Con. 1922		121½	121	—	—	—	—	—	—	Investment Trusts									
113½	106½	115	112	Swedish 3½, 1908		140½	140	—	—	—	—	—	—	Anglo-American Deb.		270	270	—	—	—	—	—	—
84	75	82	79	U.K. & Argentine 1933		115	115	—	—	—	—	—	—	Anglo-Celtic Ltd.		67½	67½	—	—	—	—	—	—
37½	24	27½	22½	Do. 5½ B. Certs. (1951)		112	112	—	—	—	—	—	—	Atlas Electric, etc. 1		6½	6½	—	—	—	—	—	—
120½	114	119½	112	Do. 6½ B. Certs. (Max.)		118	118	—	—	—	—	—	—	Brit. Assets Trust 5½		153	153	—	—	—	—	—	—
122½	115½	120	119	Corporation Stocks		24½	24½	—	—	—	—	—	—	Debutante Corp. Stk.		246½	246½	—	—	—	—	—	—
95½	84	91	86	Edinburgh 5%, 1946-58		117	117	—	—	—	—	—	—	For. Amer. etc. Def.		75½	75½	—	—	—	—	—	—
125½	119	121½	117½	Bristol 5½, 1948-58		119	119	—	—	—	—	—	—	Guardian Investment		142½	142½	—	—	—	—	—	—
108½	104	106½	104	Danzig 7%, 1935-45		75½	76	—	—	—	—	—	—	Indus. and Gen. Ord.		26½	26½	—	—	—	—	—	—
98½	90	96½	94	E. London 5%, 1960-70		120½	120½	—	—	—	—	—	—	Invest. Trust Def.		305	305	—	—	—	—	—	—
104	101½	106½	99½	Johannsb. 5½, 1937-52		105	105	—	—	—	—	—	—	Lake View Invest. 10½		17½	17½	—	—	—	—	—	—
				L.C.C. 3%		95	95	—	—	—	—	—	—	Mercantile Investment		278	278	—	—	—	—	—	—
				Seine (Dpt. of) 4½ 1952		100½	100	—	—	—	—	—	—	Merchants Trust Ord.		175½	175½	—	—	—	—	—	—

Prices, Year 1936		Last two Half-yearly Dividends		Name of Security		Price, July 1, 1936		Price, July 8, 1936		Rise or Fall		Yield, July 8, 1936		Name of Security		Price, July 1, 1936		Price, July 8, 1936		Rise or Fall	
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(Continued from page 79)

Nature of Borrowing (Excluding Conversions)

	Debt	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	70,312,434	23,127,519	96,656,464	190,096,417
1936 (Old Basis)	58,235,611	11,020,432	36,233,278	105,489,321
1935 (New Basis)	48,917,434	30,223,153	69,129,302	148,269,889
1935 (Old Basis)	30,900,808	20,672,917	18,350,371	69,924,096
Whole year—(Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1929	222,064,300	12,733,700	9,982,500	244,780,500
1930	102,789,300	21,461,000	44,873,400	169,108,700
1931	167,185,509	31,696,741	37,265,387	236,147,637

*Including securities for which "permission to deal" was given in twenty-eight weeks ended July 13, 1935.

PUBLIC OFFERS

Hosegood Industries, Ltd.—Issue of 350,000 5 per cent. cumulative £1 preference shares at 21s. Acquires capital of H. Hosegood and Sons, Ltd., and Smiths Newport, Ltd. (Rour, etc., millers), who also control subsidiaries. Proceeds to finance extensions, etc. Profits, after depreciation, years to January 31st: 1934, £45,022; 1935, £54,757; 1936, £66,079. Net assets, £441,847 (£210,182 investments in subsidiaries), purchased for 3,639 £1 preference shares and 1,834,688 5s. ordinary shares. Other interests (valued at £18,700) to be purchased for 65,312 ordinary shares. List closed 9.5 a.m. in London, and 10.5 a.m. in Bristol on July 7th. Over-subscribed.

Electricity Board for Northern Ireland.—Issue of 3 per cent. guaranteed stock, 1955-60, at 98½. Guaranteed by Ministry of Finance for Northern Ireland. Redeemable from 1936 by purchase, from 1946 to 1955 by drawings at 102, and from 1955 at par on three months' notice. Proceeds to repay temporary loans. Net revenue, before depreciation, etc.: 1933, £24,012; 1934, £46,432; 1935, £66,657. Units sold: 1933, 7,195,000; 1934, 13,910,000; 1935, 23,333,000.

BY OFFER FOR SALE

Newall Engineering Company, Ltd.—Offer for sale of 200,000 "A" 5s. ordinary shares at 5s. 9d. Acquires machine tool and gauge-making business founded 1890. Profits, after depreciation, years to March 31: 1934, £2,705; 1935, £2,140; 1936, £12,042. Net assets, £30,948, acquired for £46,970 (goodwill £16,022), payable by £11,980 cash and £349,900 "B" 2s. ordinary shares. "A" ordinary shares rank for 10 per cent. *pari passu* with "B" ordinary, and thereafter for 25 per cent. of surplus profits. Cheviot Trust take 200,000 "A" ordinary shares at par, plus expenses; £6,730 fee. List closed 9.1 a.m., July 6th. Heavily oversubscribed.

Newman and Watson, Ltd.—Offer for sale of 120,000 6 per cent. cumulative 10s. preference shares at par and 600,000 2s. ordinary shares at 4s. Acquires sanitary and electrical engineering businesses founded 1865 and 1876. Profits, years to March 31st: 1934, £10,879; 1935, £16,264; 1936, £25,319. Net assets, £69,839. Combined purchase prices, £89,839 (£20,000 goodwill), payable by 59,880 10s. preference shares and 599,986 2s. ordinary shares. List closed 9.15 a.m., July 7th. Preference shares fully subscribed. About 62 per cent. of the ordinary shares subscribed.

BY STOCK EXCHANGE INTRODUCTION

Banister, Walton and Company, Ltd.—Issued capital 400,000 5s. ordinary shares. Constructional engineers. Incorporated 1919. Total assets, March 31, 1936, £197,475. (Debtors, £103,076; goodwill, £20,000.) Profits, after all expenses, years to March 31: 1934, £7,590; 1935, £19,795; 1936, £53,940. Net assets, excluding goodwill, £115,801. Provincial Stockbrokers' Trust acquire 276,200 5s. ordinary shares at 12s. 6d. and expenses.

Courtney, Pope and Company, Ltd.—Particulars of issue of 100,000 6 per cent. cumulative 10s. preference shares and 125,000 4s. ordinary shares. Store fitters. Net assets £109,403. Profits after depreciation, years to May 31st: 1934, £10,268; 1935, £13,131; 1936, £23,425.

Anderson (D.) and Son, Ltd.—Issued capital 280,000 10s. ordinary shares and 110,000 5½ per cent. cumulative £1 preference shares. Incorporated in N. Ireland, acquires felt and building materials business founded 1849. Net assets £198,000. Acquired for £198,000, payable in 88,000 £1 preference shares and 220,000 10s. ordinary shares. Profits, after depreciation, years to March 31st: 1934, £15,840; 1935, £35,819; 1936, £35,492.

Sahang Rubber Selections, Ltd.—Issued capital, 300,000 2s. ordinary shares. Investment Company incorporated 1935. Acquire business of Rubber Selections, Ltd., and Naamloze Vennootschap Sahang Rubber Maatschappij, holding a concession in Dutch South-West Borneo. Profits before depreciation, Rubber Selections, years to March 31st: 1933, Dr. £59; 1934, Dr. £34; 1935, £36. N. V. Sahang Rubber Maatschappij: 1933, Dr. £522; 1934, £1,132; 1935, £1,717. Net assets, £29,999 (of which £23,833 shares in N. V. Sahang Rubber Mij.), acquired for £29,999, payable by allotment of shares.

Elswick Hopper Cycle and Motor Company, Ltd.—Issued capital 106,259 £1 ordinary shares and 33,560 8 per cent. cumulative £1 preference shares. Incorporated 1913 to acquire cycle-manufacturing businesses founded 1880, and also owns Barton Cycles, Ltd. Total assets, August 3, 1935, £197,887. Profits, after depreciation and debenture interest, 53 weeks to August 5, 1933, £20,523; years to August 4, 1934, £29,083; 1935, £28,490. Net assets, after adjustment for recent ordinary share issue, £201,156.

PRIVATE PLACING

Trust Company of London.—The Trust Company of London and Scotland has placed privately £50,000 4 per cent. debenture stock, 1967-70.

BONUS ISSUES

Metal Industries, Ltd.—Metal Industries is making free bonus share issue in proportion of seven new "A" ordinary and 49 "B" ordinary for each £44 of "A" or "B" ordinary stock held.

Strong and Company of Romsey.—The directors have distributed by way of capital bonus 500,000 8 per cent. preferred ordinary shares of £1 in the proportion of 30 shares for every one £10 ordinary share held.

Central Commercial Properties, Ltd.—Ordinary shareholders registered on July 14, 1936, are to be given the right to subscribe for one ordinary share at par for each ten held.

ISSUES TO SHAREHOLDERS ONLY

African City Properties Trust.—25,000 ordinary shares of £1 are offered to ordinary shareholders at 45s. per share.

Metal Box.—Issue of 100,916 ordinary £1 shares at £3 each.

New Columbia Rubber.—The directors are issuing 200,000 shares of 2s. at 3s. each to repay £20,000 of seven per cent. Convertible notes and to provide funds for new machinery.

H. W. Phillips and Company.—H. W. Phillips and Company is issuing 250,000 ordinary shares of 2s. at 2s. 9d. in the proportion of five new shares for every nine held.

CONVERSIONS AND REPAYMENTS

Green (J. W.).—The directors have decided to redeem the 4 per cent. first mortgage debenture stock (of which £186,000 is outstanding) at 110 per cent. with accrued interest, on October 1, 1936. The company has recently acquired the undertaking of Adey and White, Ltd., brewers, St. Albans. The directors have decided to create £600,000 3½ per cent. first mortgage debenture stock, £500,000 of which is to be now issued.

Kassala Cotton.—The 6 per cent. debentures of the Kassala Cotton Company which are outstanding on August 14th are to be repaid on December 31, 1936, at par, plus accrued interest. A new series of 4½ per cent. debentures of £100 each up to the amount of £224,300 is to be created. Until July 21, 1936, holders of the present debentures are to be given the right to exchange their present holding for a like nominal amount of the new issue as at August 14th.

Settle, Speakman and Company.—Settle, Speakman and Company are to redeem their 6½ per cent. debenture stock, of which there is £154,913 outstanding, on January 2, 1938, and holders are invited to exchange into a new issue at par of £300,000 4½ per cent. mortgage debentures. Those who convert will receive interest at 6½ per cent. on their present holding for three months to July 31st next, and, in addition, a sum of £2 10s. will be paid, being the premium payable on redemption, and £2 10s. being compensation for the difference between 6½ per cent. and 4½ per cent. interest from August 1, 1936, to January 2, 1938.

FORTHCOMING ISSUES

National Coke and Oil Company.—Lists open on July 14th for an issue of 300,000 6 per cent. £1 preference shares and 150,000 5s. ordinary shares.

Nottingham Corporation.—A new loan is about to be issued amounting to about £1,890,000, part of which will be to redeem £999,700 6 per cent. stock.

The Kern River Oilfields of California, Limited.—750,000 new shares are to be issued of 3s. 4d. each at 3s. 8d. per share in the proportion of one new for every 4 shares now held.

OTHER RESULTS OF ISSUES

Magnet Joinery.—Lists closed 9.5 a.m. July 3rd. Underwriters had to take up about 88 per cent.

Great Grimby Gas.—Tenders for the £40,000 4 per cent. redeemable debenture stock amounted to £117,510 at prices ranging from £109 per £100 down to the minimum of £102. The lowest accepted tender was at £105 6s. per £100, and the average price obtained was £105 10s. 5d. per £100.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Am't. paid	Price, July 1, 1936	Price, July 8, 1936
Alders (Tamworth) Ord. 2/-	2/6	2/6	2/3-2/6	6d dis-par
Do. 6% Pref. 10/-	10/-	5/-	3d dis-par	8d-8d dis
Anglo-American Asphalt 5/-	99	20	20/-20/6	19/9-20/3
Australia 2½, 1941-43	6/-	3/-	1/3-1/4 pm	1/2-1/- dis
Brooklands (Weybridge) Ord. 5/-	10/-	5/-	1/3-9d dis	2/-1/- dis
Do. 6% Pref. 10/-	100	20	6-4 dis	6-4 dis
Do. 4½% Debts.	5/9	3/9	1/4-1/4d pm	par 3d pm
Comerford Ord. 4/- £100	10/-	5/-	8d-3d dis	4/3-4/9
Do. 6% Pref. 10/-	5/-	5/-	99-100	99-100
Foster Yates and Thom	20/-	10/-	2/3-1/9 dis	1/6-1/- dis
Java Investment 3½% Debts.	4/-	4/-	3/3-3/9	5/4-5/7
Magnet Joinery Ord. 2/-	10/-	10/-	9/7-10/1½	10/1½-10/7½
Do. 6% Pref. 20/-	21/-	21/-	5/3-5/6	1/1-1½ pm
Newman and Watson 2/-	10/-	10/-	7/7-8/1½	20/-20/6
Quirk Barton and Co. Ord. 4/-	6/6	6/6	4/7-4/10½	4/3-4/9
Philco Radio Ord. 2/-	21/-	21/-		
Do. 6% Pref. £1	100	15		
South Durham Steel 4% Debts.	20/-	20/-		
Style Hoot 5/-	20/-	20/-		
Thompson (J.) Engineering 5/-	4/7-4/10½	4/7-4/10½		
Vokes 2/-				

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

RAILWAYS OF GREAT BRITAIN												
		Gross Receipts, week ended July 5, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (27 weeks) (£'000)					
(b) Week ended July 3, 1936.	(c) Week ended July 4, 1936.	Miles Open	Passenger, ger. &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts	Passenger, ger. &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western	1936 3,748	268	196	87	283	551	4,988	5,052	2,738	7,790	12,778	12,778
Western	1935 3,748	253	194	92	286	539	4,966	4,849	2,689	7,537	12,503	12,503
(e) L. & N.	1936 6,332	325	322	198	520	915	7,809	8,656	6,312	14,968	22,777	22,777
Eastern	1935 6,332	379	283	193	476	855	7,781	8,345	6,057	14,402	22,183	22,183
L. M. & S.	1936 6,917	647	485	202	687	1,334	12,026	12,759	6,610	19,369	31,395	31,395
Scottish	1935 6,917	568	450	197	647	1,215	11,929	12,050	6,360	18,410	30,339	30,339
Southern	1936 2,154	368	61	25	86	454	7,513	1,648	882	2,510	10,023	10,023
	1935 2,171	357	55	18	73	430	7,467	1,637	810	2,447	9,914	9,914
Total	1936 18,149	1,675	1,064	512	1,576	3,254	32,336	28,115	16,522	44,637	76,973	76,973
	1935 18,149	1,557	980	500	1,482	3,059	32,143	26,880	15,916	42,796	74,933	74,933
(f) Belfast & Co. Down	1936 80	4	5	—	0	5	58	1	—	—	14	79
(g) Great Northern	1936 563	41	—	—	0	5	58	3	—	—	13	71
(h) Great Eastern	1935 543	15	4	—	9	25	238	1	—	—	25	49
(i) Great Southern	1935 543	15	1	—	8	23	231	3	—	—	102	47
(j) Great Southern	1936 2,076	48	3	—	37	25	217	4	—	—	240	79
	1935 2,124	45	0	—	35	9	802	4	—	—	1,005	1,808

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1935, compared with second half-year, 1934:				
Gross increase or decrease	+ 196	+ 592	+ 224	+ 180
First half-year 1935, compared with first half-year, 1934:				
Gross increase or decrease	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935:				
1 week to July 5, 1936	+ 12	+ 119	+ 60	+ 24
Weekly average second half 1936	...	...	...	...
Latest week 1936 compared with 1935	+ 12	+ 119	+ 60	+ 24

LONDON TRANSPORT

Week ending July 4, 1936	*Takings	Compared with corresponding period of last year
£575,800	+ 9,700	
* For an explanation of the manner in which the figures are made up, see the Economist, March 17, 1934, page 610.		
Note.—The receipts for 1936 include receipts of the bus undertakings not absorbed by London Transport in the corresponding period of the previous year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available. The receipts for the week are comparable without adjustment.		

OVERSEAS RAILWAY RECEIPTS

Name	Weeks Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
			1936	+ or -
			1936	+ or -

INDIAN

	1936	Rs.	Rs.	Rs.	Rs.
Assam Bengal	10	1,390	14,71,200	63,887	31,59,600
Barelly Rly.	10	292	1,96,400	9,300	3,30,100
Bombay & N. Western	12	20	1,12,453	34,393	87,90,170
Bombay & N. Western	12	20	1,12,453	34,393	87,90,170
Bombay & N. Western	12	20	1,12,453	34,393	87,90,170
Bombay & N. Western	12	20	1,12,453	34,393	87,90,170
Bombay & N. Western	12	20	1,12,453	34,393	87,90,170
Bombay & N. Western	12	20	1,12,453	34,393	87,90,170
Bombay & N. Western	12	20	1,12,453	34,393	87,90,170
Bombay & N. Western	12	20	1,12,453	34,393	87,90,170

† 10 days.

CANADIAN

Canadian National	25	1936	June 30/23617	14,585,726	333,997	85,461,428	5,318,106
Canadian Pacific	25	1936	30/17237	13,801,000	413,000	62,045,000	5,516,000

† 9 days.

SOUTH AMERICAN

Antofagasta (Chili and Bolivia)	27	July 5	834	£ 13,130	+ £ 550	£ 364,740	+ £ 30,760
Argentine N.E.	1		753	*138,600	+ 5,700	187,100	+ 25,000
B.A. and Pacific ...	1		2,896	*11,577,500	+ 186,500	734,500	+ 453,500
B.A. Central.....	52	June 27	...	*66,637	+ 11,200	43,029	+ 26,812
B.A. Gt. Southern	1	July 4	5,084	*11,700	+ 5,500	5,554,400	+ 222,400
B.A. Western	1		1,930	*11,896,000	+ 99,000	1,074,000	+ 745,000
Central Argentine.....	1		3,700	*11,072	+ 6,212	62,917	+ 44,020
Central Uruguayana	52	June 27	273	*708,000	+ 154,000	333,000	+ 305,000
C. Urug. (East Ext.)	52	June 27	311	*5,414,760	+ 2,942	19,508	+ 17,968
C. Urug. (N. Ext.).....	52	June 27	185	*1,900,700	+ 309,150	1,900,700	+ 309,150
C. Urug. (W. Ext.).....	52	June 27	211	*11,347	+ 18,567	111,347	+ 18,567
Cordoba Central.....	1	July 4	1,218	*11,975	+ 2,942	580,526	+ 109,454
Entre Rios	1		810	*7,762	+ 1,298	109,519	+ 3,160
G. Westn. of Brazil	27		1,082	*1,769	+ 787	77,709	+ 18,145
Leopoldina.....	27		1,918	*928	+ 323	45,128	+ 6,432
Leopoldina Termal.....	27		1,918	*623,000	+ 41,000	25,130,000	+ 59,000
Nitrate	61	June 30	401	*236,500	+ 2,540	1,476,210	+ 1,890
Paraguay Central.....	1	July 4	274	*197,000	+ 8,001	108,800	+ 67,700
Salvador.....	1		100	*11,541	+ 511	106,374	+ 3,966
San Paulo	26	June 28	100	*5,300	+ 300	210,900	+ 600
United of Havana	1	July 4	1,531	Ms1827000	+ 242,000	40,126,000	+ 6,371,000
				20,934	+ 3,433	457,525	+ 37,581
				Ms. 360,000	+ 23,000	9,049,000	+ 1,182,000
				o/ 45,858	+ 449	850	+ 850
				*2,869,000	+ 101,200	11,476,210	+ 1,890
				Col. 11,600	+ 1,464	106,828	+ 47,000
				Ms2710000	+ 260,000	63,096,000	+ 112,100
				o/ 31,165	+ 2,377	768,982	+ 159,549
				*17,838	+ 22	19,628	+ 6,088

COMPANY MEETINGS, &c.

THE P. AND O. BANKING CORPORATION, LIMITED

DIFFICULT TRADING CONDITIONS

SIR WILLIAM PRESTON'S SPEECH.

Sir William E. Preston, chairman of the P. and O. Banking Corporation, Limited, presiding, on the 3rd instant, at the bank's sixteenth annual meeting, said that Mr Ferguson, chief manager of the Chartered Bank, had been asked to join their board, and his long experience in the Far East would be of great assistance in the consideration of their Far Eastern business.

The results of the year, after making the usual provisions, showed a net profit of £111,610. Out of this a further £5,607 had been written off bank premises and furniture and £4,500 had also been set aside for the pension fund, which now stood at over £30,000.

In his address last year he mentioned the difficult conditions which surrounded trading generally, and particularly the international exchange of commodities and manufactures. Those difficulties had not become less marked in the year under review, and had particularly affected the interchange of commodities between India and the Far East on the one hand, and the Continent of Europe on the other.

Indian trade specially had suffered from those disabilities, for the Continent was a large purchaser of Indian produce, while the internal recovery in this country had not been accompanied by an equivalent increase in the exports of manufactures to the East. Money conditions in India had also been abnormal and money rates had fallen to a low point never known before. The dishoarding of gold by India had resulted in the export of gold since 1931 of some £211 millions, releasing a very considerable amount of funds previously immobilised in gold, and the result was big demands from the Indian investor for Indian Government securities. Recently the Indian Government had issued a loan at as low a rate as 2½ per cent.

It was too early to infer from this that the attachment of the East to gold and silver bullion had been permanently discarded. It might be that the high prices which gold and silver had reached had been turned to account by the East, and it was significant in this connection that a demand had recently sprung up in India for silver when a severe reaction in prices in London silver took place on the withdrawal of America from the active policy on which she was engaged of buying silver in carrying out the programme set by Congress.

BALANCE-SHEET CHANGES

The figures on the balance sheet reflected the conditions created by the above world-wide influences.

Current deposits and other accounts showed a contraction on last year's figures, and to an extent this was due to the lower rate of exchanges which prevailed in Shanghai and Hong Kong. Loans against security had dropped by £1½ millions, acceptances remained at much the same as last year, and there was a slight increase in bills receivable for collection.

The year closed with over £1,000,000 of cash with their bankers and in hand, a condition reflecting the difficulties that all bankers were experiencing in finding suitable outlets for their spare funds. Bills receivable decreased by £500,000, while investments showed a fall of nearly £1,000,000. This was due to a deliberate policy on their part owing to uncertainty regarding the trend of long-term interest rates, as there was not now available any large amount of short-dated securities which it had been their practice to hold as an investment for surplus funds. Loans receivable against security showed a small increase, while stagnant conditions of trade were responsible for the reduction in advances to customers.

The Chairman added that the result achieved under these conditions by their staff, both at home and abroad, deserved the commendation and thanks of their shareholders.

Their affiliate, the Allahabad Bank, had not escaped the influences referred to above, and it was satisfactory that their profits showed so small a diminution on those of the previous year. At the meeting of that bank in May it was decided to increase their reserve fund by another Rs. 2 lacs, bringing up the total to Rs. 46,50,000, against a capital of Rs. 35,50,000.

The report was unanimously adopted.

THE IMPERIAL BANK OF IRAN

DIVIDEND MAINTAINED—RESTORATION OF CAPITAL

The forty-seventh ordinary general meeting of the Imperial Bank of Iran was held, on the 3rd instant, at Southern House, London.

Sir Hugh S. Barnes, K.C.I.E., K.C.V.O. (the chairman), in the course of his speech, said:—The profit and loss account shows very little variation from last year's figures. After making ample provision for income tax and for bad and doubtful debts, our profit amounts to £75,786 7s. 10d., which is practically the same as last year. We are again placing £10,000 to reserve account, and we propose with your approval to make the same distribution as we have done since 1930, namely, 7s. per share and a bonus of 2s. per share, both free of income tax. This, with the interim dividend of 4s. per share, makes a return for the year of 13s., tax free, per share. Thereafter we carry forward the sum of £50,604 9s. 7d., which shows the small increase of £786. I feel sure you will regard this maintenance of the dividend as satisfactory.

FLUCTUATIONS IN EXCHANGE

The result of the past year's working in Iran has not been achieved without difficulty. There have been serious fluctuations in the rate of exchange, which fell to 52 rials to the pound in April and reached as high as 101 during the winter. You will remember that in 1933 I was able to report that with the one exception that imports still required a licence, the Government of Iran had abolished all trade restrictions and had declared foreign exchange to be entirely free. I am sorry to say that circumstances, chiefly the violent fluctuation in the rate of exchange, have compelled the Government to change their policy. Accordingly, on March 1st last all operations in foreign exchange were placed under the strict control of a Government Commission, and the rate of exchange was fixed at 80 to 80½. This rate has since been maintained.

In the autumn there was a currency famine created by the illicit export of silver, and by a temporary shortage of small notes, which has since been remedied. There is now practically no silver in active circulation. The note circulation, which is protected by a statutory reserve of 60 per cent. in gold and silver, rose from 338 million rials on March 21, 1935, to some 600 million rials—or 7½ millions sterling—a year later, and with continuing development in capital construction and industrial enterprise it may well expand still further.

RESTORATION OF CAPITAL

I now come to the circular enclosed in our report, in which we announce that we have applied to the Treasury for a supplemental charter restoring our capital to the original figure of £1,000,000. This we propose to do by utilising the £200,000 received from the Iranian Government for the surrender of our note issue, plus a sum of £150,000 from our special provision for contingencies, which we no longer require. You are not required to vote on this proposal to-day, for we have not yet received the supplemental charter. As stated in our circular, if and when it is received an extraordinary meeting will be called, and you will be asked to accept it.

Meanwhile, for your information, I may mention the reasons which have led us to this decision. By our original charter and our deed of settlement we were required to keep a metallic reserve equal to at least one-third of our note issue, and the uncovered amount of our notes in circulation was not to exceed the capital of the bank—£650,000. At the time the note issue was taken over by the Government this amount was in effect a substantial addition to our working resources in Iran. We received only £200,000 for the surrender of the note issue, but that sum is obviously a capital asset and should be retained in our business. So after careful consideration we felt we could not do better than give formal effect in the balance sheet to the recovery of the capital loss suffered by our shareholders in 1894.

It is a pleasure to us to do this, and also a matter of pride that we are confident you will share with us, more especially as a number of the shareholders of 1894 are still on our register. We felt that we should not be justified in recommending the distribution, by way of dividend, of a capital sum realised by the surrender of an asset which provided in the past a considerable part of our resources. We also felt that it would be inappropriate to add such an amount to our reserves, which is already in excess of the existing capital. It is to be borne in mind that although the value of the shares was written down to £6 10s., the reserve liability of shareholders remained at £10 per share, and it still remains at that figure.

The report and accounts were unanimously adopted.

NATIONAL BANK OF NEW ZEALAND, LIMITED

SATISFACTORY RESULTS IN DIFFICULT CONDITIONS

DOMINION'S DEBT PROPOSALS: A MISAPPREHENSION

LEGISLATION

The sixty-fourth ordinary general meeting of the National Bank of New Zealand, Limited, was held on the 8th instant, at 8 Moorgate, London.

Sir Austin E. Harris, K.B.E., the chairman of the company, presided, and, having dealt with the most important features of the balance-sheet, he continued: The net profit of £102,594, after providing fully for bad and doubtful debts, shows a very slight increase of £355 as compared with last year. I think we did as well as could be expected in the difficult circumstances prevailing. We have already paid an interim dividend in sterling at the rate of 4 per cent. per annum, free of income-tax, and after allocating the usual sum of £14,000 to pension and gratuity funds and placing £10,000 to premises account, we propose to pay a final dividend at the same rate, leaving £113,959 to be carried forward as against £115,365 last year.

BANKING FIGURES

The general banking figures show that the trading banks still have heavy surplus resources, although there has been a welcome increase in advances. The average deposits and advances for the March quarter for all banks were: Deposits, £65,600,000, showing an increase of £4,500,000 as compared with a year ago, of which £3,229,000 occurred under the heading of non-interest-bearing deposits; Advances, £45,106,000, showing an increase of £2,000,000.

TRADE

The trade figures for the year to the 31st March showed distinct signs of recovery. Exports were valued at £39,901,000 sterling, as against £35,985,000 a year ago, and imports at £30,048,000, as compared with £26,082,000, giving an excess of £9,853,000. Dairy produce and wool both showed an increase of £2,500,000 New Zealand currency. Meat showed a decline in value of £800,000, due to a smaller export, especially in the case of lamb. The average price received remained about the same, with a tendency to improve in the case of beef, pork and veal.

Imports showed an all-round increase, though motor vehicles and spirit accounted for £1,400,000 of the total increase of £4,900,000 (New Zealand currency). It is satisfactory to note that just over half the cars imported during the year were of English manufacture. Trade conditions internally were brisker and more buoyant.

GOVERNMENT FINANCE

The Minister of Finance is able to announce a surplus for the year of £281,800, which may be regarded as highly satisfactory, in that expenditure at £25,890,000 exceeded appropriations by £52,000. On the other hand, revenue at £26,172,000 was £430,000 more than anticipated.

Last July I referred to the repayment of £2,135,000 of the 5 per cent. stock in London and the successful conversion of the remaining £8,000,000 to 3 per cent. stock at 98½. In May, this year, £4,000,000 of the 6 per cent. Loan due for repayment on August 1st was offered for conversion to 3 per cent. stock at 98½, and, although this was not fully subscribed, the result was not entirely unsatisfactory in view of the general conditions in the London market and the trend of events in New Zealand, which have aroused a not unnatural hesitation on the part of investors.

This sentiment has been heightened during the last few days by a statement made by the Prime Minister, which, when first cabled over, created a feeling of something approaching alarm. We realise to-day that this statement which created so unfortunate an impression in the minds of many investors in New Zealand securities, has been misinterpreted. The announcement made by the High Commissioner published on Saturday was reassuring, and I am in a position to-day, on the direct authority of the New Zealand Government, to reaffirm quite definitely that there is not, and never has been, any intention on their part to interfere in any way with the service and terms of the loans domiciled in England. This is in complete accordance with the high traditions of the Dominion. I hope that this statement will allay any remaining fears that anything in the nature of a forced conversion was ever contemplated by the responsible Ministers.

No doubt you will expect me to express some opinion as to the possible course of events during the forthcoming year, and their effect on the prosperity of the Dominion and in particular on our own business. The overwhelming success of the Labour Party at the November elections was the outstanding feature of the year in the Dominion, and I find it more difficult than ever to give any forecast, due largely to uncertainty as to how far the Government will apply its new legislation and what further measures it will introduce in order to carry out its published programme, and, lastly, how far any such legislation might affect our own business.

Although one is forced to look with a certain apprehension to the new developments foreshadowed by this legislation, I may say at once that I am confident in the future of the Dominion, and we shall gladly do all we can to support the Government in carrying out their policy. I feel it would be premature to criticise at this early stage of the administration, and I will only refer briefly to one or two points in recent legislation that concern us as bankers.

SIGNIFICANT POINTS

By amendments to the Reserve Bank of New Zealand Act the Reserve Bank has now been converted into a State Bank with powers to "regulate and control credit and currency in New Zealand, the transfer of moneys to or from New Zealand, and the disposal of moneys that are derived from the sale of any New Zealand products and for the time being are held overseas." You will realise that this implies very wide powers, which would enable the Reserve Bank at any time to enforce the Government's policy. The Primary Products Marketing Act, for instance, provided for the creation of a Department of State, to be known as the Primary Products Marketing Department, charged with the special duty of marketing all primary products in which the Government has acquired control, and under this Act it has already been decided that the butter industry shall be taken over from the beginning of August next. It is in contemplation that wool and meat shall be similarly controlled at a later date, but it is to be hoped that the Government will be content to proceed slowly in this direction.

I referred just now to the power of the Reserve Bank to regulate and control credit. This has been fortified by an amendment, providing that the Governor of the Bank, acting with the authority of the Minister of Finance, may require the trading banks to increase to any extent the balances which they have to maintain with the Reserve Bank. At present these balances are fixed on a percentage basis of 7 per cent. of demand liabilities and 3 per cent. of fixed. Should the trading banks accumulate very large deposits, they would hold a considerable control of credit, and it is this control which the Government desires to keep in its own hands. It is a significant provision, but I do not imagine the Government would exercise such powers except for emergency purposes; nevertheless, this clause must have an unsettling effect on the banks' conduct of their business, and if put into force might inflict a considerable tax on their resources and activities.

GENERAL CONDITIONS

Our experience during the past year under the governing conditions has not been unsatisfactory, and without being unduly optimistic I may say that on all sides there has been a substantial increase in internal business, accompanied by a healthy improvement in the Dominion's overseas trade. The wool season just closed has been an excellent one; meat prices have been maintained at a remunerative level; while dairy produce prices also showed a satisfactory measure of recovery, and, as I have already said, there has been an expansion of banks' advances, which is another healthy sign.

With the present definite signs of trade improvement, we might normally expect a reasonably good year, but from what I have said you will appreciate that banking in New Zealand is no easy task, and our ability to make profits may well be affected by the extent to which the Government proposals encroach upon banking business. We know that difficulties must be encountered, but we shall continue to do our best to secure the interests both of our customers and our shareholders.

The report and accounts were unanimously adopted.

MEEKATHARRA GOLD MINES, LIMITED

ATTRACTIVE NEW MINE PURCHASE

MR. A. H. COLLIER'S STATEMENT

An extraordinary general meeting of the Meekatharra Gold Mines, Limited, was held, on the 9th instant, at Winchester House, Old Broad Street, London, to consider a resolution approving an agreement with the Australian Machinery and Investment Company, Limited, for the acquisition of the whole of the issued capital of Lalla Rookh Gold Mines, Limited, a company registered in Western Australia, for £42,000 sterling.

Mr Alfred H. Collier (chairman of the company), in the course of his speech, said: Your company was formed in the first instance to acquire the Haveluck Property and also options over the "King of the Hills" and the "Rough-Up" leases. Your board took steps to proceed immediately with the development of the mines, and your managing director proceeded to Australia for the purpose. The earlier stages of this work were satisfactory, but after a time the results became disappointing. As a result of the managing director's visit, and on subsequent examinations made by the company's general managers, doubts were entertained by your board as to whether the properties would ultimately prove to be commercially successful as mining ventures, but before coming to a definite decision on this question your board decided to engage Messrs Bewick, Moreing and Company, the well-known firm of mining engineers, to make an independent report, and such inspection was made by Mr V. Edquist, who was formerly general manager of the Sons of Gwalia.

Their report, whilst confirming that payable values had occurred between the surface and the 100 ft. level, stated that values were fading out down to the 150-ft. level. The conclusion arrived at by the engineers was that the values, disclosed by sampling, were fading away between the surface and the 100-ft. level, that the payable ore occurs in isolated and relatively short shoots, and that the widths and values of the ore diminished between the surface and the 100-ft. level, also that the work carried out by the company at the 150-ft. level showed further diminution in value. This being so, the board were advised that as a company proposition the property was economically of no value.

As was announced in the Press last December, the directors reported that other properties were being inspected with a view to increasing the company's holdings, and that diamond boring was meanwhile being carried out to locate the ore bodies at about 800 ft. I am sorry to say that the results of boring have been negative as foreshadowed by the engineers.

Having regard to this report, the options over the "King of the Hills" and the "Rough-Up" were not exercised, and your board decided to conserve the resources of the company as far as possible by reducing all expenditure on the mine to an absolute minimum, as they considered that in view of the expert advice obtained no good purpose would be served by risking the shareholders' money on further development work on the Haveluck Mine. However, the lease is being retained for future consideration.

Under all the circumstances, the board, in the interests of the shareholders, instructed their Australian managers to endeavour to obtain another property, and after the managers had considered various mining propositions, they submitted to the board the gold mining area known as the "Lallah Rookh Reservation," situated about 25 miles west of the Port Hedland Marble Bar Railway in the Pilbarra Goldfield, Western Australia, short particulars of which are contained in the circular before you. As this appeared to offer a good opportunity of acquiring a most promising property your board decided, subject to your approval, to immediately enter into an agreement for its acquisition.

NEW MINING AREA

This Lalla Rookh Area has been the subject of reports by a Federal Government survey party, under the control of Mr K. J. Finucane, the senior Government field geologist, and Mr R. C. Wilson, the Western Australian State Government mining engineer.

Mr Finucane's report was made as recently as February of this year, and we have the Federal Government report of 1936 and the State Government report of 1924, upon which fullest reliance can be placed. A copy of Mr Wilson's report has reached this country by air mail, and the résumé which I am about to give

you is taken from it, nearly the whole of that report having been confirmed by Mr Finucane's report, dated February 3, 1936.

NORTH AND SOUTH REEFS

Dealing with Mr Wilson's report, the Chairman said that there were two reefs running through the property, the North Reef and the South Reef. The North Reef had been stoped out for a length of about 200 ft. down to the 90-ft. level, and Mr Wilson had been informed that the old books showed an average of about 25 dwts. for the whole block taken out. Comparatively little stoping had been done below the 90-ft. level. The main shaft had been sunk vertically to a depth of about 148 ft., or 8 ft. below the bottom level of the mine. Mr Wilson had taken samples which he regarded as most encouraging, and on the question of the prospects of ore from the North Reef he stated that on present appearances there was a block of ore above the 90-ft. level, nearly all of which could be profitably extracted provided that anything like satisfactory treatment could be effected. It was also encouraging to notice that good values had been met with at the bottom level and that they were going under foot.

With regard to the South Reef, he considered that there were good prospects of a large tonnage of payable ore between the 150- and 60-ft. levels, subject to the width and value of the reef above the fault at the 150-ft. level being ascertained. The mine assays indicated high values going under foot. As to surface equipment, there was a second-hand ten-head battery, rock-breaker, gas engines, Commonwealth gas producer, and also a Crossley charcoal producer, air compressor, five cyanide vats, pumps and sundry other plant on the property. The capacity of that plant was estimated at 600 tons per month. Treatment, Mr Wilson stated, was far from satisfactory at the time of his visit. The head value of the ore was 75s. per ton; 30s. per ton had been obtained by amalgamation and 30s. per ton by cyaniding, leaving the balance in the residues. Mr Wilson had asked the Government mineralogist to carry out some experiments from the samples to see if a good extraction could be obtained by raw treatment. The report thereon stated that amalgamation, followed by concentration with cyanidation of the concentrates and tailings in the presence of lime, gave a high recovery with a fairly low consumption of cyanide. The recovery obtained in the laboratory had been 90.92 per cent. Finally he stated, "Well handled, the mine should on present appearances have a good chance of success. The prospects of such success will, of course, be much improved if the tailings from the battery present no treatment difficulties and a better extraction be obtained without additional cost."

Continuing, the Chairman said: I might point out to you here that the report deals only with the mine, which covers a comparatively small portion of the reservation, which extends to some 840 acres, and this acreage gives every possible scope for the discovery of further lodes.

AN OPPORTUNITY NOT TO BE MISSED

Shareholders will gather from the information I have given that the Lalla Rookh Mine is one which is readily saleable, and your board had accordingly to make an immediate decision. After careful consideration they came to the conclusion that this was an opportunity which should not be missed, and accordingly they decided, subject to your approval, to purchase, and they have already entered into an agreement to buy and have deposited the purchase money, namely £42,000 sterling in escrow, in terms of an agreement, which only needs your approval to render it binding.

Your directors regret the failure of the Haveluck properties to show the results which reasonably might have been expected. You are now offered the opportunity of acquiring a mine and plant which, on the reports of the Government engineers, is most promising. Moreover, owing to your board having decided to stop expenditure on the Haveluck, the company has sufficient financial resources not only to acquire and pay for this new property, but also to carry through a scheme of development and equip the mine with up-to-date plant.

If you pass the resolution before the meeting to-day—as I feel sure you will—the Board intend to proceed at once with the scheme of development outlined by Mr Wilson in his report. In the near future we can look for favourable development results from the mine, and as development proceeds and a sufficient tonnage is opened up the eventual installation of an up-to-date treatment plant. I trust, therefore, you will authorise your board to complete the purchase, and I can assure you that if you do, we will in turn do all we can to make a success of this new property.

The resolution was carried.

GORDON (MALAYA) RUBBER ESTATES, LIMITED

TAXATION OF THE INDUSTRY

The thirteenth annual general meeting of this company was held, on the 3rd instant, at 19 Fenchurch Street, London, Sir Francis Voules, C.B.E. (chairman), presiding.

The chairman, in the course of his speech, said:—We produced last year a restricted crop of 1,685,488 lb., compared with 1,745,726 lb. in 1934. Our profit for the year is £6,354, and we propose paying a dividend of 2 per cent. on the ordinary shares, absorbing £5,140, and carrying forward the sum of £9,679.

The directors have taken advantage of the facilities granted for the cutting out and replanting of old areas of rubber by deciding to treat thus some 65 acres of the Sungei Inas estate.

As regards the current year, we have received assessments totalling 2,273,320 lb., and if the current basis of release remains unchanged our exportable quota should be 1,420,800 lb. We hope that working costs will show a reduction, and with the improvement in price we should show better results.

The Rubber Growers' Association have issued a supplement containing the correspondence between the association and the Malayan Governments and the Colonial Office regarding the taxation of the industry. The justice of the rubber producers' claim for reduction is undeniable. In addition to a quit rent amounting to a maximum of \$4 an acre, we have to pay a cess on rubber exported amounting to 7/10th of 1 cent a pound. This cess, added to the quit rent, is calculated to amount to over 10 per cent. of the gross proceeds of the majority of estates. Just over two of the gross proceeds of the regulation scheme was introduced, and years have elapsed since the regulation scheme was introduced, and during this period shipments have been reduced from a yearly figure of over a million tons to about 820,000 tons, whereas absorption has risen from about 900,000 tons to over 950,000 tons. World stocks, while continuing to increase during the early period of the regulation scheme, have since declined from a peak of 678,000 tons to under 500,000 tons at the end of May this year. Unless there is a serious falling off in consumption during the remainder of this year, which I do not anticipate, I believe that the extra 30,000 tons released by the 5 per cent. addition to the July/December quota will be readily absorbed and that the stock reductions will continue steadily.

The report and accounts were unanimously adopted.

AMALGAMATED DENTAL COMPANY, LIMITED

SUSTAINED PROGRESS

The thirty-first annual general meeting of the Amalgamated Dental Company, Limited, formerly Claudius Ash, Sons and Company, Limited, and De Trey and Company, Limited, was held, on the 3rd instant, at the Holborn Restaurant, London.

Mr E. Russell Polden (the chairman), who presided, said that international trading upon which the company's business was fundamentally based had not improved during the year under review. Restrictions against world-wide freedom of trading had not been relaxed, but rather increased, and the inevitable consequence had been a contraction of business. It was some relief that he was able to report that business in the home and certain overseas territories showed further improvement, and encouraged the directors to continue to pursue their policy of expansion of the company's manufacturing departments, the increased output of which should establish still more firmly their high position in the dental trade. The balance standing to the credit of profit and loss account, £128,000, was higher by £25,000, and the directors felt justified in recommending the payment of a dividend of 5 per cent. on the deferred ordinary stock, which would take £15,250, leaving £22,000 to be carried forward, against £11,000 brought in.

An analysis of immediate future prospects certainly revealed steadily improving conditions in the home and British overseas markets, and he might say without hesitation there was no organisation in their trade and industry better equipped effectively to serve that particular and wide section of their markets.

So far as the future scope for development of their company was concerned, it was possible to look forward with a sensible degree of optimism. The peoples of the world would seem to have realised more and more in the last few stressful years that greater demands on the resistance of the individual called for perfect bodily health, and inevitably the mouth and teeth became objects of a care and attention previously denied them. Trench-dentist strides had been made by the dental profession, the fear of pain in dentistry was rapidly becoming a thing of the past, and it was being generally recognised that timely and periodic visits to the dentist were the best safeguard.

The report was unanimously adopted.

BRITISH GLUES AND CHEMICALS, LIMITED

RESUMPTION OF ORDINARY DIVIDENDS

The sixteenth ordinary general meeting of this Company was held, on the 9th instant, at the Connaught Rooms, London.

Mr. T. Walton, F.C.A. (the Chairman), said that it was naturally a source of pleasure to the directors that they recorded a fifth consecutive improvement. Each of the company's main productions had contributed to the improvement, and there was full justification for their recommendation of recommencement of dividend on the ordinary shares. The company was in some respects peculiarly subject to fluctuations not always coincident with fluctuations in the general trade of the country, and it was for this reason that, before striking the balance of profits, the reserve for contingencies had been augmented by £15,000. The disposable balance, which included £36,216 brought forward from the previous year, was £123,057; there had been or was proposed to be paid in respect of dividends on the preference shares, including the additional 1/2 per cent. to which they were entitled in respect of their participating rights, £44,625, the proposed ordinary dividend of 7 1/2 per cent. took £13,125, there had been transferred to general reserve £20,000, there had been written off machinery and plant (in addition to the usual depreciation) £5,000, and, after adding £5,000 to the provision for income tax, there remained £35,307 to be carried forward.

The company's interests in subsidiary companies had increased by £26,471, due in part to extension of manufacturing capacity, in part to the acquisition of other businesses and in part to merely temporary requirements. The investments were made for the purposes of the business as a whole, and their contributions to the profits, which substantially increased during the year, justified the board's policy. British Government and other quoted securities and bank and cash balances taken together exceeded by £17,227 their corresponding figure in 1935, and the market values of the securities was greater than their cost. The company's liquid assets at April 30, 1936, exceeded its total liabilities, including provision for the dividends proposed to be paid on the 31st instant, by £232,520; taking parent company and subsidiary companies together, the surplus was in the region of £350,000.

The reasons for the improved profits might be summarised under three headings, namely, bigger volume of trade—indeed, their biggest for fully ten years—manufacturing control and economies, and slightly increased prices obtained for some of their commodities. Notwithstanding tariffs and restrictions their export trade had been held; at home they had participated in a welcome expansion in industry generally and they had obtained their share of the increased business.

They anticipated that the imposition upon entry into America of about £12 10s. per ton upon greases and tallows which was to come into force next month would probably close the market to them, and it might result in heavy disturbance of prices generally; nevertheless, in their view the price level was not likely to fall much further, though they feared improvement might not be quick, and therefore they felt that in the coming year they must look in the main to glues, fertilisers and feeding stuffs rather than to greases and tallows for their profits. In the interests of customers it was proper he should make special mention of their Cascade Pearl and Flour glues; there convenience in form became more appreciated by actual users, and prospective users might yet learn from them as well as from the company's research department and sales staff more of these advantages of convenience. Fertilisers and their Churn Brand and other cattle feeding stuffs also made headway.

It would be optimistic for him to expect that the coming year could show a sixth consecutive improvement; the grease and tallow market was bound to affect them, hence the importance of the provisions they had made in the good year just closed. The dividend proposal was, therefore, modest, but his opinion, taking a wide view, was that it was in their best interests in still unsettled conditions to preserve strength and so justify expectations of maintenance until gradual increase.

The report and accounts were unanimously adopted.

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

TRUST COMPANY OF LONDON AND SCOTLAND, LIMITED

IMPROVED VALUES AND REVENUE

The seventh annual general meeting of this company was held, on the 6th instant, at 25-31 Moorgate, London, Mr Alfred Shepherd (the chairman) presiding.

The Chairman, in the course of his speech, said: As regards the balance sheet, the capital of the company is the same, but the debenture stock has been increased by £200,000. On the assets side of the balance sheet the investments at or under cost amount to £1,313,265, as against £1,143,419, owing to additional investments purchased with the proceeds of the new debenture stock.

Coming to the revenue account, the income from investments has risen from £40,878 to £44,597, due to a certain extent to the increase of revenue from the additional investments.

You will see that from the net revenue there has been deducted the full year's dividend on the preference stock, amounting to £23,025, leaving surplus revenue for the year of £1,392.

The final result is that after deducting a small sum of expenses in connection with the issue of the Four per Cent. debenture stock the carry-forward is increased by £1,879.

The surplus of capital profits over losses during the year, amounting to £14,710, has been applied in reducing the realisation account to £9,924. The valuation of investments shows a depreciation of only 19.03 per cent., as against 28.83 per cent. last year. Put another way, last year on total investments of £1,143,419 there was a depreciation of £312,094, while this year, although the investments have increased to £1,313,265, the depreciation is only £241,845.

It will thus be seen that the present accounts show a satisfactory, though not exceptionally large, increase in revenue, a material reduction in the amount of the realisation account, and an encouraging improvement, in the valuation of our investments.

It is impossible with confidence to forecast the future, but undoubtedly the position of finance and trade in our country, where we have 45.4 per cent. of our investments, is such as to give rise to optimism. Unless fresh troubles arise, I would anticipate that the figures in next year's accounts will be as satisfactory as those now shown, and I hope considerably better.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the four days ended July 4, 1936, amounted to £9,806,000, against ordinary expenditure of £18,157,000. After allowing for an increase in Exchequer Balances of £151,137, the operations for the week, as shown below, increased the gross National Debt by £8,502,000 to approximately £7,991 millions.*

(000's omitted)			
Treasury Bills	+ 37,644	Public Department Advances	— 29,200
National Savings Certificates.....	+ 50		
Land Settlement Advances	+ 8		
	+ 37,702		— 29,200

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

FOR BANKING IN FINLAND

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ENSURES PROMPT AND EFFICIENT
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COLLECTIONS AND PAYMENT ORDERS

A complete analysis of the approximate position of the National Debt at June 30, 1936, appeared in the *Economist* for July 4, 1936.

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to July 6, 1935	April 1, 1936, to July 4, 1936	Week ended July 6, 1935	4 days ended July 4, 1936
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	18,868,000	12,801,000	3,978,000	2,208,000
Sur-tax	4,300,000	4,310,000	230,000	150,000
Estate, etc., Duties	25,110,000	22,460,000	1,810,000	1,610,000
Stamps	3,700,000	3,990,000	430,000	100,000
Excess Profits Duty and Corporation Profits Tax	—	—	—	—
Land Tax and Mineral Rights Duty	110,000	100,000	—	10,000
Total Inland Revenue	52,988,000	43,661,000	6,248,000	4,076,000
Customs and Excise—				
Customs	51,668,000	53,285,000	4,042,000	3,465,000
Excise	27,000,000	25,555,000	900,000	455,000
Total Customs and Excise	78,668,000	78,840,000	4,942,000	3,920,000
Motor Vehicle Duties (Exchequer Share)	894,000	938,000	212,000	168,000
Post Office (Net Receipt)	4,100,000	3,750,000	Dr. 100,000	Dr. 100,000
Crown Lands	280,000	290,000	—	—
Receipts from Sundry Loans	1,896,269	2,001,071	1,633,497	1,631,691
Miscellaneous Receipts	4,455,793	1,886,834	70,600	110,558
Total Ordinary Revenue	142,362,062	131,346,905	13,006,097	9,806,249
SELF-BALANCING REVENUE				
Post Office	15,000,000	15,950,000	1,200,000	1,250,000
Motor Vehicle Duties apportioned to Road Fund	3,637,000	3,850,000	—	—
Total Self-balancing Revenue	18,637,000	19,800,000	1,200,000	1,250,000
Total	160,999,062	151,146,905	14,206,097	11,056,249

EXPENDITURE	Total Issues out of the Exchequer to meet Payments			
	April 1, 1935, to July 6, 1935	April 1, 1936, to July 4, 1936	Week ended July 6, 1935	4 days ended July 4, 1936
ORDINARY EXPENDITURE				
Interest and Management of National Debt	84,680,850	81,587,690	10,324,146	8,208,324
Payments to Northern Ireland Exchequer	1,382,357	1,490,449	230,393	246,464
Other Consolidated Fund Services	950,060	693,065	—	—
Post Office Fund	—	—	—	—
Total	87,013,267	83,771,210	10,554,539	8,456,788
Total Supply Services (excluding Post Office)	122,443,000	128,091,000	13,331,000	9,700,000
Total Ordinary Expenditure	209,456,267	211,862,210	23,885,539	18,156,788
SELF-BALANCING EXPENDITURE				
Post Office	15,000,000	15,950,000	1,200,000	1,250,000
Road Fund	3,637,000	3,850,000	—	—
Total Self-balancing Expenditure	18,637,000	19,800,000	1,200,000	1,250,000
Total	228,093,267	231,662,210	25,085,539	19,406,788

The aggregate revenue from April 1 to July 4, 1936, is shown below:—

(000's omitted)			
Expenditure	211,862	Revenue	131,347
		Decrease in balances	198
		Gross borrowing	£81,795
		Less	
		New Sinking Fund*	1,418
		Net borrowing	80,317
	211,862		211,862

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1936 by borrowing.

POSITION OF THE FLOATING DEBT				
Ways and Means Advances Outstanding	July 6, '35	Mar. 31, '36	July 4, '36	Movement four days ended July 4, '36
Advances by Bank of England	4,250,000	—	—	- 4,250,000
Advances by Public Departments	27,230,000	19,055,000	32,790,000	- 2,450,000
Treasury Bills outstanding	882,735,000	783,115,000	802,890,000*	+ 37,625,000
Total Floating Debt	914,215,000	782,170,000	835,680,000	+ 8,425,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER
Tenders for £50,000,000 Treasury bills were opened on July 3, 1936, and the total amount applied for was £72,750,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 16s. 11d., about 64 per cent. and above in full; Saturday, at £99 17s. 0d., and above in full. The average rate per cent. was 12s. 1-27d. The amount allotted was £50,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934				
January 5	35,000,000	78,280,000	30,000,000	6 1/8
April 6	40,000,000	80,380,000	38,000,000	6 1/8
July 6	35,000,000	82,745,000	32,000,000	6 1/8
October 5	35,000,000	65,280,000	31,510,000	6 1/8
1935				
January 4	30,000,000	49,560,000	27,500,000	6 1/8
April 5	40,000,000	78,095,000	40,000,000	6 1/8
July 5	40,000,000	60,905,000	40,000,000	6 1/8
October 4	45,000,000	71,245,000	44,000,000	6 1/8
1936				
January 3	35,000,000	68,075,000	35,000,000	6 1/8
April 3	40,000,000	78,280,000	40,000,000	6 1/8
June 18	80,000,000	84,185,000	80,000,000	6 1/8
June 26	80,000,000	67,555,000	80,000,000	6 1/8
July 3	80,000,000	72,750,000	80,000,000	6 1/8

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended June 13, 1936	618,442	£483,831
Week ended June 20, 1936	610,400	£457,800
February, 1916, to June 20, 1936	1,262,946,740	£993,647,893

At the end of March, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,448,511.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, July 8, 1936

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	11,015,100
In Circulation	443,106,123	Other Government Securities	248,178,695
In Banking Department	42,494,402	Other Securities	70,852
		Silver Coin	735,353
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	225,600,525
	485,600,525		485,600,525

BANKING DEPARTMENT

Proprietors' Capital	£14,553,000	Government Securities	96,758,310
Reserve	3,495,033	Other Securities	—
Public Deposits*	10,520,796	Discounts and Advances	£5,983,311
Other Deposits:—		Securities	£17,436,025
Bankers	£96,703,728		23,419,336
Other Accounts	£38,366,199	Notes	42,494,402
	135,069,927	Gold and Silver Coin	966,708
			163,638,756

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

Both Departments	Amount, July 8, 1936	Inc. or Dec. Last Week	Inc. or Dec. Last Year
Note circulation	£443,106,123	+ 3,464,272	+ 42,453,878
Public deposits	10,520,796	+ 610,843	+ 2,159,422
Bankers' deposits	96,703,728	- 15,003,504	- 11,889,487
Other deposits	38,366,199	- 1,399,762	+ 2,000,186
Total outside liabilities	588,696,846	- 12,328,151	+ 34,723,999
Capital and res.	18,048,033	+ 53,761	+ 6,404
Government debt and securities	355,952,105	- 13,593,524	+ 2,074,753
Discounts and advances	5,983,311	+ 4,642,396	+ 4,389,308
Other securities	17,506,877	+ 1,490,680	+ 4,688,950
Silver coin in issue department	735,353	- 26,276	- 952,193
Coin and bullion (bank's reserves)	226,567,233	+ 4,497,126	+ 33,295,393
Reserves of notes and coin in banking department	43,461,110	+ 1,032,854	- 9,158,485
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	29.8%	+ 2.5%	- 4.5%
(b) Gold stocks to deposits and notes ("reserve ratio")	38.5%	+ 1.6%	+ 3.8%

(000's omitted)						
Date	Issue Department	Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	
1936	471,859	432,020	13,530	90,996	37,380	3.36 1/2
June 17	476,326	434,789	20,047	90,822	37,374	4.46 1/2
24	481,112	439,642	9,910	111,707	39,766	4.78 1/2
July 1	485,601	443,106	10,521	96,704	38,366	4.48 1/2

(000's omitted)									
Date	Issue Department		Both Depts.		Banking Department				
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"		
1936	£471,859	£432,020	13,530	90,996	£37,380	£3,361	in	28 1/2	
June 17	476,326	434,789	20,047	90,822	37,374	4,467	in	28 1/2	
24	481,112	439,642	9,910	111,707	39,766	4,786	in	28 1/2	
July 1	485,601	443,106	10,521	96,704	38,366	4,481	in	28 1/2	

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to June 24	15,936,607	973,690	1,680,026	18,590,323
Week ended July 1	939,907	39,618	61,608	1,041,131
Week ended July 8	679,125	52,085	93,055	824,265
Total to date, 1936	17,555,639	1,065,391	1,834,689	20,455,719
Total to date, 1935	17,488,184	1,004,163	1,695,212	20,185,559
Increase or decrease in 1936	+ 69,455	+ 61,228	+ 139,477	+ 270,160
	= 0.4%	= 6.1%	= 8.2%	= 1.3%
1935				
January 3	32,443,575	1,887,112	3,229,084	37,559,751
Total for year 1935	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1934	+1,703,458	+ 244,582	+ 2,075,594	+ 3,999,634
Increase or decrease in 1935	= 5.5%	= 7.2%	= 8.1%	= 8.8%

PROVINCIAL

(000's omitted).

	Week ended July 4		Month of June			Aggregate Totals January 1 to July 4	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days :			24	25	%		
BIRMINGHAM	£ 4,037	£ 4,304	10,844	9,988	- 6.1	64,637	69,338
BRADFORD	1,111	1,018	3,288	3,592	+ 9.2	23,074	26,301
BRISTOL	1,509	1,540	4,636	4,905	+ 5.8	31,532	33,686
DUBLIN	6,742	7,356				146,835	154,786
FULL	905	988	2,665	3,221	+ 12.4	19,536	21,763
LEEDS	1,905	1,304	3,414	3,455	- 1.2	24,991	25,059
LEICESTER	940	924	2,583	2,802	+ 8.4	- 17,955	19,609
LIVERPOOL*	8,091	8,499	21,131	23,279	+ 10.1	156,154	160,940
MANCHESTER	13,169	13,364	37,864	39,719	+ 4.8	265,274	286,342
NEWCASTLE	1,908	1,918	5,806	5,336	- 8.0	37,151	34,631
NOTTINGHAM	654	801	1,924	1,808	- 6.0	12,672	13,658
SHEFFIELD	1,384	1,700	3,450	4,119	+ 19.3	23,050	26,573
	42,356	43,696	97,605	102,224	+ 4.7	823,011	854,696

FEDERAL RESERVE REPORTING MEMBER BANKS*

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

	May 26, 1935	May 27, 1935	June 3, 1935	June 10, 1935	June 17, 1935	June 26, 1935
Loans	8,037	8,299	8,826	8,577	8,538	8,396
Investments	11,965	13,315	13,514	13,586	14,121	14,124
Reserve with Federal Reserve Bank	4,072	4,690	4,594	4,744	3,937	4,282
Due from banks	2,052	2,319	2,363	2,359	2,201	2,235
Demand deposits	12,977	14,562	14,580	14,677	14,431	14,563
Time deposits	5,006	5,028	5,035	5,033	5,032	5,059
Government deposits	724	747	746	742	852	846
Due to banks	4,890	5,827	5,992	6,093	5,828	5,904

* Revised figures for banks in 101 of interest of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	July 8, 1935	June 8, 1935	June 15, 1935	June 22, 1935	June 29, 1935	June 6, 1936
Assets						
Gold and English sterling	15,994	16,001	15,999	15,999	15,999	15,999
Other coin, bullion and cash	6,473	6,358	6,805	6,618	6,632	6,171
Money at short call—London	17,137	19,715	22,260	22,635	21,018	18,790
Short-term loans	5,878	2,538	2,662	1,965	5,474	3,224
Securities	70,886	75,077	75,076	75,769	75,769	75,413
Discounts and advances	6,818	8,175	8,085	8,041	8,128	8,435
LIABILITIES						
Notes issued	47,004	47,044	47,044	47,044	47,044	47,038
Reserve premium on gold	3,986	7,753	7,753	7,753	7,753	7,753
Deposits	68,087	64,688	68,602	68,221	70,387	65,995

BANK OF CANADA.—In \$'s (000's omitted)

	June 29, 1935	June 17, 1935	June 24, 1935	June 30, 1935
Assets				
Reserve, of which:				
Gold coin and bullion	120,562	201,647	192,848	191,485
Gold and silver	106,671	179,915	179,946	179,992
Domestic Government securities	150,427	113,027	111,357	111,687
LIABILITIES				
Notes in circulation	75,718	94,125	94,455	95,764
Deposits				
Domestic Government	19,715	27,685	18,558	17,878
Chartered banks	172,902	191,163	190,504	189,463
Ratio of reserves to notes and deposit liabilities	43.3%	64.3%	63.4%	63.1%

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

	July 5, 1935	June 5, 1935	June 12, 1935	June 19, 1935	June 26, 1935	July 3, 1936
Assets						
Gold coin and bullion	26,415	22,920	22,919	22,918	22,916	22,916
Bills discounted: Foreign	5,664	10,511	11,330	11,251	9,771	7,228
Investments	1,726	1,737	1,737	1,737	1,737	1,737
Other assets	13,764	12,403	12,351	12,183	11,911	12,650
LIABILITIES						
Notes in circulation	13,018	14,538	13,797	13,369	14,244	15,063
Government deposits	1,271	1,907	2,294	2,720	2,984	2,212
Bankers' deposits	26,510	23,487	25,124	24,340	24,103	22,748
Ratio of cash reserves to liabilities to public	58.5%	51.0%	50.3%	50.5%	52.4%	54.7%

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

	July 5, 1935	June 5, 1935	June 12, 1935	June 19, 1935	June 26, 1935	July 3, 1936
Assets						
Gold coin and bullion	44,421.7	44,421.7	44,421.7	44,421.7	44,421.7	44,421.7
Rupee coin	52,755.7	62,472.8	63,375.1	63,375.1	63,375.1	63,375.1
Balances abroad	6,507.37	15,52.32	15,822.86	14,242.26	14,242.26	14,242.26
Sterling securities*	65,19.27	68,31.71	68,31.71	68,31.71	68,31.71	68,31.71
Indian Government rupee securities*	26,49.03	23,47.30	23,40.31	23,40.31	23,40.31	23,40.31
Investments	6,15.96	5,97.03	5,97.03	5,97.03	5,97.03	5,97.03
LIABILITIES						
Notes in circulation	1,62,54.45	1,65,56.41	1,64,12.93	1,65,79.43	1,65,79.43	1,65,79.43
Government deposits	7,80.28	15,04.24	16,30.42	13,74.74	13,74.74	13,74.74
Other	21,59.53	29,17.54	30,54.44	30,33.65	30,33.65	30,33.65
Ratio of gold and sterling to liabilities	58.1%	56.8%	56.5%	56.4%	56.4%	56.4%

* Held against notes.

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

	July 5, 1935	June 12, 1935	June 19, 1935	June 26, 1935	July 3, 1936
Assets					
Gold	71,272,419	54,562,131	53,952,610	53,998,788	54,340,500
Advances on Gold Coin	1,190,732	1,326,969	1,316,329	1,286,964	1,284,743
Commercial Bills	7,251,347	20,742,845	7,622,467	7,663,788	6,544,259
Treasury Bills	979,310	1,266,485	1,266,485	1,263,574	1,260,666
Advances on securities	4,228,061	4,501,121	4,286,158	4,488,104	4,850,252
Loans to State without interest—					
(a) general	3,200,000	8,200,000	3,200,000	3,200,000	3,200,000
(b) provisional	—	—	—	—	3,624,025
Negotiable Bonds	5,804,935	5,707,677	5,707,677	5,707,677	5,707,587
Sinking Fund Dept.	—	—	—	—	—
Other assets (excluding forward exchange)	4,023,671	4,233,398	3,810,635	3,548,762	3,748,891
LIABILITIES					
Notes in circulation	82,198,666	85,112,819	84,803,701	85,106,243	86,448,319
Public deposits	3,082,127	1,345,348	1,214,408	1,304,632	1,402,831
Private deposits	10,041,734	6,280,485	6,179,665	6,359,899	5,857,749
Other liabilities	2,526,547	2,801,974	2,769,030	2,819,303	2,761,423
Ratio of gold and sterling to liabilities	74.6%	58.8%	58.5%	58.1%	57.9%

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

	June 29, 1935	June 15, 1935	June 23, 1935	June 30, 1935
Assets				
Gold	85,613	70,200	71,034	71,704
Of which deposited abroad	22,109	24,551	24,537	24,537
Reserve in foreign currencies	4,003	5,371	5,316	5,103
Bills of exchange and cheques	3,931,842	4,187,933	4,009,157	4,796,788
Silver and other coin	127,350	201,852	247,187	153,158
Advances	89,482	42,415	38,698	56,230
Investments	680,998	530,130	530,294	530,414
Other assets	648,900	514,863	592,998	550,675
LIABILITIES				
Reserve	471,184	473,581	473,581	473,581
Notes in circulation	3,895,237	4,074,507	3,945,920	4,388,232
Other daily maturing obligations	818,996	677,648	738,956	980,242
Other liabilities	217,085	177,048	186,247	191,037
Cover of note circulation	2.30%	1.85%	1.93%	1.75%

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

	July 4, 1935	June 4, 1935	June 11, 1935	June 18, 1935	June 24, 1935	July 2, 1936
Assets						
Gold	3,553,545	3,642,502	3,607,954	3,728,598	3,762,159	3,749,925
Silver and other coin	80,429	59,790	59,646	63,112	61,481	57,159
Securities	1,412,006	1,337,088	1,363,972	1,378,964	1,401,689	1,396,937
Advances	125,293	85,222	81,790	80,224	78,426	83,827
LIABILITIES						
Reserve	471,184	473,581	473,581	473,581	473,581	473,581
Notes in circulation	3,895,237	4,074,507	3,945,920	4,388,232	4,388,232	4,388,232
Other daily maturing obligations	818,996	677,648	738,956	980,242	980,242	980,242
Other liabilities	217,085	177,048	186,247	191,037	191,037	191,037
Cover of note circulation	2.30%	1.85%	1.93%	1.75%	1.75%	1.75%

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

	July 8, 1935	June 8, 1935	June 15, 1935	June 22, 1935	June 29, 1935	July 6, 1936
Assets						
Gold	680,849	598,497	588,823	588,920	594,200	611,233
Silver	21,951	20,016	20,678	21,372	21,231	20,545
Home bills discounted	26,151	50,172	48,710	48,658	45,841	42,317
Loans and advances	141,463	136,566	132,678	132,732	144,090	136,528
LIABILITIES						
Notes in circulation	830,298	766,323	752,323	742,591	767,067	769,862
Deposits	62,321	61,605	61,577	72,029	61,538	63,929

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

	June 29, 1935	May 30, 1935	June 6, 1935	June 13, 1935	June 20, 1935	June 27, 1935
Assets						
Gold	1,195,485	1,483,503	1,425,791	1,405,863	1,404,106	1,407,044
Of which held abroad	72,636	255,928	198,216	173,287	171,530	174,083
Discounts	177,788	87,472	77,851	78,063	79,021	101,041
Bills of the Confederation	62,852	58,660	58,660	58,660	58,660	58,660
Advances	129,342	63,653	67,544	68,568	68,332	88,511
LIABILITIES						
Notes in circulation	1,306,936	1,302,008	1,265,511	1,241,607	1,234,633	1,300,978
Deposits	312,852	372,470	343,691	342,491	354,946	339,611

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

	June 29, 1935	June 8, 1935	June 15, 1935	June 22, 1935	June 29, 1935
Assets					
Gold reserve	355,267	431,692	431,646	432,132	432,492
Government securities—Swedish	128,639	28,500	28,500	28,500	28,500
Foreign	47,769	74,290	74,290	76,090	76,090
Gold abroad not included in the gold reserve	—	61,215	70,087	76,735	76,681
Bills payable in Sweden	8,713	10,756	11,047	10,920	11,186
Bills payable abroad	423,151	230,856	198,457	216,570	216,555
Balance abroad	14,724	181,938	218,923	181,271	202,891
Advances	40,818	24,501	24,694	25,200	35,094
LIABILITIES					
Notes in circulation	718,358	742,721	738,409	748,277	792,076
Government deposits	276,905	272,283	265,734	251,882	269,141
Private deposits	175,540	161,421	189,089	193,991	162,543

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

	June 29, 1935	May 30, 1935	June 6, 1935	June 13, 1935	June 20, 1935	June 27, 1935
Assets						
Gold	2,296,510	2,202,432	2,202,299	2,202,298	2,202,302	2,202,301
Silver	704,900	688,535	683,489	682,020	683,791	669,153
Discounts	1,043,373	1,135,985	1,067,646	1,097,758	1,094,258	1,126,438
Loans	1,338,117	1,554,507	1,802,163	1,817,819	1,595,677	1,597,884
Treasury bills	77,415	75,998	75,998	75,998	75,998	75,998
Securities	35,605	45,426	46,768	46,823	47,120	47,307
LIABILITIES						
Notes in circulation	4,540,630	5,424,071	5,515,572	5,468,801	5,395,940	5,371,457
Government deposits	910,421	1,096,581	1,102,113	1,144,578	1,134,344	1,134,871

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

	June 12, 1935	May 13, 1935	May 20, 1935	May 27, 1935	June 3, 1936
Assets					
Gold	907,882	910,263	910,263	910,264	910,045
Balances abroad	460,787	515,190	506,380	512,366	528,119
Discounts	311,027	359,982	355,974	357,453	356,991
Securities	69,820	104,769	104,930	105,758	106,045
Government loans	1,048,137	1,045,511	1,045,511	1,045,511	1,045,511</

NEW YORK MONEY AND EXCHANGE RATES

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

		July 10, 1935	June 10, 1935	June 17, 1935	June 24, 1935	July 1, 1935	July 8, 1935
Call money.....		1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Time money (90 days' mixed coll.)		1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances:—							
Members—eligible, 90 days.....		1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-mem.—eligible, 90 days.....		1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days.....		1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Rates of Exchange, New York on—		Par Level	July 10, 1935	June 24, 1935	July 1, 1935	July 8, 1935	
London—							
60 days.....							
Cable.....							
Cheques.....							
Paris.....							
Brussels.....							
Switzerland.....							
Italy.....							
Berlin.....							
Vienna.....							
Madrid.....							
Amsterdam.....							
Copenhagen.....							
Oslo.....							
Stockholm.....							
Athens.....							
Montreal.....							
Yokohama.....							
Shanghai.....							
Calcutta.....							
Buenos Aires.....							
Rio de Janeiro.....							

		July 10, 1935	June 24, 1935	July 1, 1935	July 8, 1935
London—					
60 days.....					
Cable.....					
Cheques.....					
Paris.....					
Brussels.....					
Switzerland.....					
Italy.....					
Berlin.....					
Vienna.....					
Madrid.....					
Amsterdam.....					
Copenhagen.....					
Oslo.....					
Stockholm.....					
Athens.....					
Montreal.....					
Yokohama.....					
Shanghai.....					
Calcutta.....					
Buenos Aires.....					
Rio de Janeiro.....					

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period July 1st to 10th at 138.52 per cent. The previous rate was fixed as from June 21st at 139.24 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

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

- Bolivia.** "Export" market selling rate fixed at 50.50 bolivianos per £ as from April 30, 1936.
- Colombia.** Sight rate, 175.80 pesos per 100 United States dollars on June 9, 1936. This rate applies to holders of permits buying in the "open" market.
- Ecuador.** Sight selling rate on New York was maintained in May at 10.50 sucres per United States dollar.
- Guatemala.** Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
- Nicaragua.** Official selling rate was established at 110 cordobas per 100 United States dollars on April 30th, 1936.
- Salvador.** Sight rate on June 15, 1936, 2.51 colones per United States dollar.
- Venezuela.** No rates available.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

		London on Australia and New Zealand	Australia and New Zealand on London*
		Buying	Selling
		Australia	New Zealand
		125	124
		125 1/2	124 1/2
		126	125
		126 1/2	125 1/2
		127	126
		127 1/2	126 1/2
		128	127
		128 1/2	127 1/2
		129	128
		129 1/2	128 1/2
		130	129
		130 1/2	129 1/2
		131	130
		131 1/2	130 1/2
		132	131
		132 1/2	131 1/2
		133	132
		133 1/2	132 1/2
		134	133
		134 1/2	133 1/2
		135	134
		135 1/2	134 1/2
		136	135
		136 1/2	135 1/2
		137	136
		137 1/2	136 1/2
		138	137
		138 1/2	137 1/2
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		146 1/2	145 1/2
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SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Dividend Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefe.	Ordinary					
					Amount	Amount	Rate				
Breweries											
Distillers Company	May 15	£ 319,073	£ 2,321,577	£ 2,640,650	£ 101,475	£ 1,640,394	20	£ 550,000	£ 348,781	£ 2,212,133	20
Kinloch (Charles) and Co.	Mar. 31	9,055	12,927	21,982	...	10,001	10	...	11,981	11,817	7½
South African Breweries	Mar. 31	67,707	424,414	492,121	50,000	346,220	20½	35,000	60,901	359,114	17½
Tamplin and Sons' Brewery	Apr. 30	32,886	69,802	102,688	38,400	17,830	10	13,065	33,393	55,915	10
Wells' Watford Brewery	Apr. 30	5,218	6,560	11,778	2,796	...	...	3,000	5,982	2,895	Nil
Financial Land, etc.											
Argentine Northern Land	Dec. 31	3,761	1,216	4,977	...	...	...	...	4,977	Dr. 3,557	Nil
Covent Garden Properties	June 30	56,578	122,722	179,300	77,644	37,172	7½	...	64,484	119,524	7½
Duff Development	Mar. 31	3,665	16,039	19,704	...	13,864	10	640	5,200	10,529	5
Estates Control	Mar. 31	155,339	41,043	196,382	33,722	20,500	100	...	142,160	46,330	100
O-Cedar Consolidated Trust	Mar. 31	7,149	1,118	8,267	...	...	...	...	8,267	963	Nil
Pekin Syndicate	Dec. 31	Dr. 20,533	Dr. 16,804	Dr. 37,337	...	...	...	...	Dr. 37,337	Dr. 5,472	Nil
Scottish American Mtge.	May 31	96,041	45,380	141,421	33,480	9,150	4	...	98,791	41,142	4
United Dominions Trust	June 30	36,856	145,720	182,576	17,297	57,030	17½	90,049	18,200	131,431	15½
Iron, Coal and Steel											
Davy Brothers	Mar. 31	...	21,571	21,571	14,537	...	...	...	7,034	Dr. 20,037	Nil
Grovesend Steel & Tinplate	Mar. 31	88,136	278,919	367,055	16,250	200,000	40	55,420	95,385	213,068	30
Pettors, Ltd.	Mar. 31	17,461	7,771	25,232	34,781	17,684	17½	Dr. 41,808	14,575	12,432	Nil
Powell Duffryn Associated	Mar. 31	...	721,159	721,159	516,113	...	...	150,000	55,046	(e)	(e)
Powell Duffryn Steam Coal	Mar. 31	...	276,155	276,155	50,432	222,992	6	...	2,731	321,032	6
Thomas (Richard) and Co.	Mar. 31	424,264	735,426	1,159,690	202,822	296,041	12½	212,509	448,318	447,733	(e)
Welsh Associated Collieries	Mar. 31	...	97,066	97,066	89,053	...	...	...	8,013	(e)	(e)
Motor and Cycle											
Hawker Aircraft	Mar. 31	10,867	157,381	168,248	14,472	61,000 15,250	20a 20d	65,840	11,686	145,885	20a 5d
Oil											
Phoenix Oil and Transport	Dec. 31	168,987	183,886	352,873	...	...	...	175,000	177,873	134,275	Nil
Rubber											
Anglo-Dutch Plantations of Java	Dec. 31	88,067	93,768	181,835	...	100,000	4	...	81,835	105,421	4
Burma Estates	Mar. 31	3,040	6,769	9,809	...	...	...	5,000	4,809	6,566	Nil
Kinta Kellas	Mar. 31	2,458	8,637	11,095	...	6,100	4	...	4,995	...	...
Sarawak	Mar. 31	2,112	3,956	6,068	...	3,680	4	131	2,277	5,606	5
Tjiliwoeng Java	Dec. 31	Dr. 38,510	Dr. 4,034	Dr. 42,544	...	...	...	...	Dr. 42,544	Dr. 7,720	Nil
Tremelby (Selangor)	Mar. 31	4,297	5,656	9,953	...	5,520	2	...	4,433	9,728	3
Shipping											
Tankers, Ltd.	Mar. 31	64,121	97,292	161,413	...	...	...	...	161,413	33,404	Nil
Shops and Stores											
International Tea Co.'s Stores	May 2	108,846	765,701	874,547	210,742	465,000	30	90,000	108,805	755,315	30
Savory and Moore	Jan. 31	8,593	11,822	20,415	8,016	...	...	3,125	9,274	10,537	Nil
United Counties Stores	Feb. 29	5,350	18,775	24,125	4,631	12,200	8	1,500	5,794	15,144	6
Tea											
Arnakkal	Mar. 31	Dr. 821	2,582	1,761	...	...	...	1,000	761	1,239	Nil
Assam Frontier	Dec. 31	284	26,168	26,452	21,000	...	...	5,000	452	Dr. 10,322	Nil
Attaree Khat	Dec. 31	2,690	13,377	16,067	...	7,600	6	5,500	2,967	4,266	2½
Bargang	Dec. 31	Dr. 3,581	3,417	Dr. 164	...	...	...	...	Dr. 164	Dr. 4,116	Nil
Borjan	Dec. 31	2,604	6,854	9,458	560	2,970	12	3,103	2,825	1,850	5
Dhendai	Dec. 31	6,105	5,231	11,336	...	4,800	15	...	6,536	2,817	10
Dooars	Dec. 31	15,522	64,288	79,810	5,250	49,140	15	9,100	16,320	38,092	7½
Empire of India and Ceylon	Dec. 31	10,985	51,485	62,470	10,950	31,584	8	8,550	11,386	21,245	2½
Jetinga Valley	Dec. 31	3,218	6,122	9,340	3,068	3,222	5	...	3,050	2,928	Nil
Jorehaut	Dec. 31	5,379	59,199	64,578	...	40,000	10	20,000	4,578	23,386	5
Maleber	Dec. 31	Dr. 3,072	Dr. 226	Dr. 3,298	...	...	...	...	Dr. 3,298	Dr. 1,996	Nil
Pathini	Dec. 31	4,613	15,349	19,962	1,500	6,200	12½	7,000	5,262	5,639	10
Rupajuli	Dec. 31	Dr. 1,109	3,792	2,683	...	...	...	2,000	683	648	Nil
Tingri	Dec. 31	3,076	19,240	22,316	...	13,437	10	5,000	3,879	Dr. 885	Nil
Upper Assam	Dec. 31	77,497	21,997	99,494	...	20,000	10	...	79,494	6,155	2½
Textiles											
Harbens, Ltd.	April 30	26,673	31,004	57,677	6,863	...	...	22,725	28,089	14,292	Nil
Tramways and Omnibuses											
Anglo-Argentine	Dec. 31	Dr. 135,370	Dr. 277,650	Dr. 163,132	...	...	...	...	Dr. 1,631,352	Dr. 219,951	Nil
Trusts											
Clyde & Mersey Investment	May 31	12,662	24,326	36,988	5,266	14,579	4½	...	17,143	19,178	3
Palmerston Investment	June 30	2,511	9,675	12,186	...	8,160	6	2,000	2,026	13,452	1½
Sterling Securities Investmt.	May 31	349	1,417	1,766	...	1,096	2½	250	420	683	8½
Trustees Corporation	May 31	99,887	102,025	201,912	30,598	80,972	9	10,000	100,342	109,406	9½
U.S. Trust of Scotland	May 31	19,834	29,515	49,349	10,491	13,938	9	20,000	4,920	29,370	9
Other Companies											
British Plaster Board	Apr. 30	4,615	301,886	306,501	6,714	250,037	50	45,000	4,750	129,311	40
Broadcast Relay Service	Mar. 31	4,468	79,923	84,391	...	29,324	10½	47,278	7,791	30,320	28½
Cole (E. K.)	May 31	35,992	204,842	240,834	18,448	74,560	40	109,325	38,501	217,178	30
De la Rue (Thomas) and Co.	Mar. 28	8,387	31,141	39,528	...	15,773	6½	15,000	8,755	25,425	5
Greyfriars Press	April 30	11,708	37,588	49,296	...	31,771	12½	5,000	12,525	35,157	12½
Hutchinson Printing Trust	Dec. 31	8,803	36,926	45,729	33,750	...	...	393	11,586	40,233	Nil
Millars' Timber and Trading	Dec. 31	...	89,466	89,466	57,943	8,641	5	11,200	11,682	39,485	Nil
O-Cedar, Ltd.	Mar. 31	3,944	5,691	9,635	...	1,430	12½	4,000	4,205	5,106	10
Santa Rosa Milling Co.	Dec. 31	484	10,245	10,729	...	...	...	9,000	1,729	Dr. 6,582	Nil
Silentbloc, Ltd.	May 31	...	16,696	16,696	...	16,312	42½	...	384	(e)	(e)
United Gas Industries	Mar. 31	10,258	154,767	165,025	38,443	81,882 13,648	12a 50a	20,000	11,052	140,283	11a 25a

† Free of income tax. (a) Ordinary shares. (b) Deferred shares. (c) 10 per cent. free of income tax. (d) "A" ordinary shares. (e) No comparable figure. (f) Absorbed £18,665. (g) On "B" shares.

DIVIDEND ANNOUNCEMENTS

DIVIDEND

Name of Company	Rate % per Annum, except where marked % or Stated in Cash			Dividend for Whole Year	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
BANKS					
Bank of Java	...	...	Same	9 1/2	8
Barclays Bank "A" and "C"	14*	Aug. 1	Same	...	...
Do. "B" and "C"	6 1/2*	Aug. 7	Same	...	...
Commercial Bank of Australia	1/8 p.s.	July 31	Same	...	...
District Bank "A" and "C" Shares	1 1/2 p.s.	July 31	Same	...	...
Do. "B" Shares	24*	Aug. 10	Same	...	...
Hong Kong and Shanghai Banking	6 1/2 p.s.	...	5 1/2 p.s.	...	...
Indo Man Bank	12*	July 25	Same	...	...
Lloyds Bank "A"	5*	July 25	Same	...	...
Do.	14*	...	Same	...	...
Martins Bank	16*	July 15	Same	...	...
Midland Bank	11 1/2	...	Same	...	...
Munster and Leinster Bank	2/6 p.s.	...	Same	...	...
National Discount Co. "A"	4/6 p.s.	...	Same	...	...
Do.	15*	July 22	Same	...	...
National Provincial Bank	12 1/2	...	Same	...	...
Northern Bank "A"	6 1/2	...	Same	...	...
Do. "B"	12 1/2	Aug. 1	Same	...	...
Provincial Bank of Ireland	4%	...	Same	...	...
Royal Bank of Ireland	5*	July 29	Same	...	...
Union Bank of Australia	...	...	...	...	...
Union Discount Co. of London, old shares	15*	July 24	Same	...	...
Do. new shares	11d. p.s.	July 24	Same	...	...
Westminster Bank (4)	8*	Aug. 1	Same	...	...
Do. (1) shares	6 1/2*	Aug. 1	Same	...	...
Williams Deacon's Bank "A" and "B" Shares	12 1/2*	...	Same	...	...
TEA AND RUBBER					
Anglo-Java Rubber	...	July 31	Nil	2 1/2	...
Bukit Nilai Rubber	11 1/2*	Aug. 1	4%	4 1/2	2 1/2
Chempong (Malay) Rubber	2 1/2*	...	...	...	...
Frang Besar Rubber	5*	July 24	Same	...	...
Sungei Timah Rubber	...	...	...	7	7
MINING					
Consolidated Tin Smelters	...	...	...	20	20
Johannesburg Consolidated Investment	5%*	Sept. 17	...	...	...
Pattani Tin	...	July 10	...	...	...
OTHER COMPANIES					
African Theatres	10%*	Aug. 15	First for six years	1 1/2	Nil
Ailsa Investment Trust	3%*	Aug. 1	Same	...	7 1/2
Aldford House (Park Lane)	5%*	...	4 1/2%*	7 1/2	7
Associated Breweries	2 1/2%*	Aug. 15	Same	...	...
Bath Gas	5%*	July 7	...	7 1/2	7 1/2
Berry Wiggins and Co. "A" ord.	...	...	...	...	...
Booth's Distilleries	3%*	...	Same	...	...
Bradbury Greatorex and Co.	5%*	Aug. 1	Unchanged	...	...
British Investment Trust (Def.)	3%*	July 24	2 1/2%*	...	...
British Tin Investment	10%*	July 15	...	10	...
British Vacuum Cleaner	5%*	...	Same	...	...
Broadcast Relay Service	10c. p.s.	July 15	Same	15	12 1/2
Canadian General Properties	10%	...	20%†	40	30
Central Commercial Properties	27 1/2%*	...	Same	...	...
Cole (E. K.)	12 1/2%*	Aug. 11	Same	7 1/2	7
Courtauld	...	...	...	...	...
Covent Garden Properties	12 1/2%*	...	Same	20	15
Distillers Co.	11 1/2%*	July 27	10%†	16	...
Eastwoods Cement	7 1/2%*	Aug. 1	Same	...	...
Flettons, Ltd.	...	...	...	23 1/2	23 1/2
Great Northern Telegraph (Holding Co.)	...	...	...	20	20
Hawker Aircraft ord.	...	...	...	20	5
Do. "A" ord.	18%†	...	Same	30	30
International Tea Co.'s Stores	3%†	...	...	5	5
Land Revenues Trust	...	July 25	...	...	...
London Electric and General Trust	5%*	...	Same	...	...
Lunt (Richard) Ltd.	3 1/2%*	Aug. 14	Same	...	...
McIntyre Hogg, Clark & Co.	5%*	...	Same	...	...
Manchester Commercial Buildings	...	...	...	...	...
Mercantile Investment and General Trust	3 1/2%*	Aug. 1	Same	...	...
Michael Nairn and Greenwich	5%*	July 18	Same	...	...
Nigerian Electricity Supply (Prod. ord.)	...	...	...	4 1/2	3 1/2
Pacific Gas and Electric	37 1/2 c. p.s.	July 15	...	...	...
Philadelphia Co.	20 c. p.s.	July 23	...	...	...
Pratt (J.) Alfred	2 1/2%*	July 31	Nil	...	...
Sandown Park	5%†	Aug. 5	...	7 1/2	7
Scottish American Mortgage	...	...	...	4	...
Scottish Reversionary	3%*	Aug. 15	Same	...	...
Somerset Collieries (Period to March 31)	1%*	...	...	...	...
Do. (Quarter to June 30)	1%*	...	...	...	...
Steward and Patteson	5%*	Aug. 1	Same	8	...
Strand Electric Holdings	...	...	...	...	...
Swan Hunter and Wigham Richardson	2 1/2%*	Aug. 31	First since 1831	...	...
Traction and General Investment					
Trust	4%*	July 31	Same	17 1/2	15
United Dominions Trust	8 1/2%†	Aug. 6	7 1/2%†	12	11
United Gas Industries	...	Aug. 6	Same	50	25
Do. do. Deferred	4%†	...	Same	8	4
United Kingdom Tobacco	...	...	...	...	...
United States Trust of Scotland (Def.)	6 1/2%†	...	Same	9	9
Wagon Finance Corporation	7 1/2%*	...	5%*	...	...
Weber (L. & J.) and Phillips	3 1/2%*	July 20	Same	...	...

RAILWAYS

BANKS

MINES

MISCELLANEOUS

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

A strong upward movement of prices was recorded in the United States, grains, cotton and tin being well to the fore. Thus, Moody's daily index of the dollar prices of staple commodities (December 31, 1931 = 100) rose from 169.8 to 175.8 in the week ended Wednesday. The index stood at 163.5 month ago and at 157.5 on the corresponding day last year.

EDMUNDSONS ELECTRICITY CORPORATION, LTD.—The results of the operations of the Edmundson group of companies during the month of June, 1936, as compared with the corresponding month of 1935, show an increase of 22 per cent. of units sold.

GLASGOW.—The market maintains a steady tone. In the shipping districts the collieries are virtually fully booked until the holidays—an indication of the position is the continued high level of shipments—and in the West, although household demand is slow, some

Current approximate quotations:—Best Admiralties, 19s. 6d., seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 6d.; Black Veins, 18s. 3d.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; Western Valleys, 17s. 6d. to 17s. 9d.; best small steams (washed), 13s. 6d. to 14s. 6d.; 17s. 6d. to 17s. 9d.; best small steams (washed), 13s. 6d. to 14s. 6d.; anthracite seconds, 13s. to 14s.; coking smalls, 14s. 3d. to 14s. 6d.; machine best large, 36s. to 40s.; Red Vein large, 22s. to 27s.; machine made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; rubbly culm 11s. 6d. to 12s.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship. Portuguese, 23s.

IRON AND STEEL

SHEFFIELD.—Demand continues active, but producers of pig-iron have very little for casual sale, most of them being fully committed under contract to the end of the quarter, and some to the end of the year, or even beyond. No Lincolnshire iron is on offer here, but the expansion of Derbyshire output will ease the pressure to some extent. Heavy accumulation of stocks either at furnaces or works

OVER ONE HUNDRED YEARS OF SERVICE

SCOTTISH UNION & NATIONAL

INSURANCE COMPANY

ASSETS EXCEED £16,000,000

FIRE LIFE ACCIDENT MARINE

Edinburgh: 35 St. Andrew Square
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GLASGOW.—There is no important change in conditions ruling in the West of Scotland this week. Practically every plant connected with the industry is working to capacity, but it is often impossible to give deliveries to meet the requirements of users. A number of extensions to plant are being carried through, and further extensions are in contemplation. It is estimated that the additional output will be readily absorbed by the manufacturing trades. Clyde shipbuilders are now taking very heavy tonnages of material from local makers and the continuing improvement in the structural steel business in the West of Scotland is making increasing demands on the section makers. At the same time, demand from other engineering trades is on a very satisfactory scale. Sheet makers are likewise busy and bookings of both black and galvanised sheets are exceedingly heavy. While the bulk of this trade is on home account the tonnage of export business is decidedly heavier this week. Business is still somewhat quiet in the tube trade, but plants are regularly employed.

CARDIFF.—Shipments of tinplates at Swansea were exceptionally high last week, amounting to 73,710 boxes, compared with only 33,280 the previous week. They were still, however, less than the quantity of 91,687 boxes shipped in the corresponding period of last year. The effect of the larger exports was a decrease in stocks from 116,581 to 94,952 boxes. The works were fairly regularly employed, although output was slightly below 60 per cent. of allocated capacity. Prices were unaltered at 18s. 9d. per box f.o.b. There has been no improvement in the condition of the galvanised sheet export trade, but the home demand for sheets is being well maintained. Quotations for galvanised sheets are unaltered at £11 15s. per ton, while quotations for steel bars are steady at 46 per ton delivered.

OTHER METALS

Sales on the London Metal Exchange: 1,450 tons on Monday, against 1,200 tons last week; 525 tons on Tuesday, against 1,100 tons last week; 600 tons on Wednesday, against 1,100 last week. Domestic spot was quoted at 8.95 cents per lb. in New York on Wednesday, against 8.92½ cents a week ago and 8.82½ cents a month ago. Wednesday's official closing price for standard cash in London was £36 12s. 6d. to £36 13s. 9d., compared with £36 11s. 3d. to £36 12s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 56,398 tons, show a decrease of 1,036 tons, while stocks of rough copper, at 4,542 tons, show a decrease of 76 tons on the week.

Sales of lead on the London Metal Exchange: 1,000 tons on Monday, against 450 tons last week; 450 tons on Tuesday, against 1,300 tons last week; 300 tons on Wednesday, against 1,100 tons last week. The New York quotation on Wednesday was 4·60 cents per lb., against 4·60 cents a week ago and 4·60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 7s. 6d. per ton, compared with £15 3s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 175 tons on Monday, against 425 tons last week; 750 tons on Tuesday, against 575 tons last week; 1,750 tons on Wednesday, against 550 tons last week. Wednesday's quotation in East St. Louis was 4.75 cents per lb., against 4.85 cents the week before and 4.90 cents a month ago.

earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 3s. 9d. per ton, against £13 7s. 6d. last week.

TIN.—After declining on Friday of last week to the lowest level for over three years, tin prices scored a spectacular recovery of no less than £13 15s. per ton. The reason for the movement was the announcement, made after dealings were over on Monday that the International Tin Committee had held an unexpected meeting, at which the problem of Bolivian arrears was disposed of. Bolivia has surrendered her arrears of shipments, amounting to over 10,000 tons and the quotas for the third quarter of the year have consequently been reduced from 90 to 75 per cent. of the standard tonnages. But the signatory countries other than Bolivia have been granted an additional quota of 15 per cent. as their first share in the latter's arrears. The "adhering" countries have also received a special quota, and it is likely that the remainder of the Bolivian arrears will be made up in the last quarter of the year. The market registered its extreme satisfaction at this news by the sharp rise in quotations referred to above. In view of the stronger position in which the International Committee now finds itself, it is generally anticipated that an understanding will shortly be reached with Siam. The decisions announced on June 25th and July 6th mean nothing less than a complete change in policy. If the uncertainty concerning the future of the scheme, which has had a depressing effect upon the market for so long, is removed, an early return to more normal conditions may be anticipated.

Sales of tin on the London Metal Exchange: 225 tons on Monday, against 240 tons last week; 435 tons on Tuesday, against 255 tons last week; 470 tons on Wednesday, against 275 last week. The New York quotation on Wednesday was 43.50 cents per lb., against 40.75 cents a week ago and 42.12½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £188 15s. to £189 5s. per ton, compared with £178 5s. to £178 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 717 tons, a decrease of 6 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 2s. 6d. per flask of 76 lb., the same as last week. Chinese antimony was quoted at £54 per ton ex warehouse, duty paid, as against £54 to £55 per ton last week. Chinese wolfram for July-August shipment was quoted at 27s. 6d. to 28s. 6d. per unit, c.i.f., as against 29s. to 29s. 6d. last week. Platinum (refined) was maintained at £7 10s. per ounce.

TEXTILES

COTTON.—**Manchester.**—Prices have again shown a hardening tendency in sympathy with the further advance in raw material rates. It has been difficult for spinners and manufacturers to obtain the higher quotations, but a fair amount of business has, nevertheless, been done. There has been considerable interest in the acreage estimate of the United States Government, the figure of 30,621,000 acres being below expectations. Demand for cotton on the spot and for forward delivery in New York and Liverpool has remained active.

The cloth section has been rather more busy. Quite a number of home trade buyers who have recently hesitated to commit themselves have placed substantial contracts with manufacturers for a variety of goods. Export business, however, has been irregular. Rather better advices have been received from India, with an increased turnover in dhooties, light bleaching descriptions and dyed cloths, most of the buying being for Calcutta and Karachi. Encouraging support has also come through from South America, chiefly in printing and finishing styles. Steady buying has occurred for the Dominions and the Crown Colonies. Yarn business has been patchy, but spinners' quotations remain much firmer. A moderate trade has been put through in American and Egyptian qualities.

COTTON PRICES

	1936					Corresponding Date	
	June 17	June 24	July 1	July 8	1934	1935	
Raw Cotton—Mid. American	d. 8.8	d. 7.11	d. 7.6	d. 7.24	d. 6.89	d. 6.97	
Sakellaridis Fully Good Fair	d. 8.87	d. 9.08	d. 9.47	d. 9.84	d. 8.41	d. 8.00	
Yarns—32's twist	d. 10.8	d. 10.8	d. 10.8	d. 10.8	d. 10.8	d. 10.8	
" 40's twist	d. 10.8	d. 10.8	d. 11	d. 11	d. 10.8	d. 10.8	
" 60's twist (Egyptian)	d. 10.8	d. 10.8	d. 10.8	d. 10.8	d. 10.8	d. 10.8	
32-in. Printers 116 yds., 16 by 16, 32's and 40's	d. 17.6	d. 17.7	d. 17.9	d. 17.10	d. 16.8	d. 17.6	
36-in. Shirtings, 78 yds., 19 by 19, 32's and 40's	d. 24.9	d. 25.0	d. 25.2	d. 25.4	d. 23.7	d. 24.4	
38-in. ditto, 88 yds., 18 by 18, 10 lb.	d. 10.3	d. 10.4	d. 10.4	d. 10.5	d. 11.0	d. 10.5	
39-in. ditto, 87½ yds., 16 by 15, 8½ lb.	d. 9.3	d. 9.4	d. 9.4	d. 9.5	d. 9.10	d. 9.3	

WOOL.—**Bradford.**—The chief event of the past fortnight was the opening of the fourth series of Colonial wool sales last Tuesday, 90,000 bales being available. The selection of both merinos and crossbreds should be an average one, and the opening revealed a stronger position than was generally expected. The past interval has been anything but inspiring, although consumption has been well maintained in manufacturing districts. The political and financial situation on the Continent has given rise to uncertainty, and there has been a marked decline in the demand for wool, tops, yarns and by-products. No Continental country can be considered a free buyer of raw materials, but on the opening night there was

better German competition than anyone expected. It is well known that urgent requirements exist on the part of more Continental countries than Germany, but it remains to be seen what they will actually take.

Greasy combing merinos declined barely 5 per cent. compared with the close of the May series, but faulty sorts were generally 7½ per cent. cheaper. Scoureds were likewise easier, but shorter wools, suitable for the woollen trade met a keen demand, and were par to 5 per cent. cheaper. Crossbreds, including slipes and South American wools, met a good reception—generally at 5 to 7½ per cent. cheaper rates. Before the series finishes competition may broaden on the part of France, Germany and Russia, which would soon cause prices to improve. In any case, the call for the raw material is distinctly better than expected, clearly indicating that stocks are light in consuming centres and that wool is wanted. A settlement of Continental troubles would lead to a strong wool market and develop a healthy situation. The trade now faces the quietest time of the year, but firmness in Coleman Street will certainly inspire confidence and lead to the placing of cloth orders for next spring and summer with greater confidence.

AUSTRALIAN WOOL STATISTICS.—The National Council of Wool Selling Brokers of Australia cabled their London committee this week, giving particulars of disposals and stocks of wool for the 1935-36 season. These figures, together with comparable data for the previous season are shown below:—

	1934-35	1935-36	Decrease
Season Bales	2,907,970	2,831,930	—76,040
Sales	2,791,196	2,710,767	—80,429
Shipped from brokers' stores (unoffered and withdrawn)	30,909	23,943	—6,966
Destroyed by fire	...	21,387	...
On hand	85,865	75,833	—10,032

In addition, 81,164 bales carried over from the 1934-35 season have been disposed of in the period under review, and 4,788 bales have been shipped unsold. The average price of greasy wool in Australian currency for the season ended June 30, 1936, was 14.01d. per lb., or £17 10s. 11d. per bale, but the average price for the month of June was only 10.74d. per lb. or £14 7s. 9d. per bale. The comparatively low average for June was partly due to the miscellaneous nature of a proportion of the offerings at the clearing sale.

GRAIN MARKETS

WHEAT.—As was the case a year ago, the wheat markets are dominated by crop reports from North America. London and Liverpool have registered a spectacular advance this week, in sympathy with Chicago and Winnipeg. The continuance of exceptionally hot and dry weather in the United States has taken a heavy toll of the spring wheat crop. Moreover, the effects of the drought are now being felt in Canada and there are fears of a serious loss to the Dominion crop unless early and abundant rainfall soon occurs. The position is discussed in a Note of the Week.

On Wednesday last, "July" futures were quoted in Chicago at 105½ cents per bushel, against 95½ cents the week before and 84½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 35s. per 498 lbs., against 32s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 34s. 9d., against 31s. 9d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 921,000 quarters, against 886,000 in the previous week and 886,000 quarters in the corresponding week a year ago.

FLOUR.—The market has registered a sharp advance this week in sympathy with wheat. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 30s. per 280 lbs., against 28s. a week ago; delivered inner London, 29s. 6d., as compared with 27s. 6d. a week ago. Manitoba patents, ex store, 26s. 6d. to 28s., against 25s. 3d. to 28s. 9d. a week ago. Australian, ex store, 23s. to 23s. 6d., against 22s. to 22s. 6d. a week ago.

BARLEY.—Business in imported feeding descriptions has been fair this week. The little English malting barley on offer is of poor quality and realises little more than 30s. per 448 lbs. Business in English feed qualities is inactive. "July" futures were quoted at 46½ cents per bushel in Winnipeg on Tuesday, against 38½ cents a week ago and 36½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 22s., as against 22s. 6d. a week ago; "English malting" at farm, 25s. to 30s., against 25s. to 40s. a week ago.

OATS.—American markets have been strong in sympathy with wheat, but business in this country has been of moderate dimensions. On Wednesday, "July" futures were quoted at 36½ cents a bushel in Chicago, against 30½ cents a week ago and 24½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 19s. per 336 lbs., against 19s. a week ago; "English White," at farm, 19s., against 19s. a week earlier.

MAIZE.—After the slight reaction of last week the tone of the market has shown a substantial improvement. But weather conditions in Argentina continue adverse for picking, moving and conditioning the maize crop, and the quality of the latter continues to deteriorate. "July" futures were quoted on Wednesday at 81½ cents per bushel in Chicago, against 68½ cents a week ago, and 61½ cents last month. Quotations in London, Wednesday: "Plate," landed, 21s. per 480 lbs., compared with 20s. 6d. a week ago; "Plate," ex ship, 20s., as against 19s. 3d. to 19s. 6d. a week ago; "Plate," "June," 19s. 9d., as against 19s. 0d. a week ago; yellow maize meal, ex wharf, was quoted at £5 7s. 6d. to £5 10s. per ton, as against £5 7s. 6d. to £5 10s. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to July 4	42,553	64,080	80,134	63,413
44 weeks to July 4	8,509,293	10,578,756	13,058,332	13,023,675
Average price of English wheat per cwt.	s. d. 6 5	s. d. 5 6	s. d. 5 6	s. d. 6 9

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
July 2, 1932	Cwts. 45,374	Cwts. 3,522	Cwts. 6,784	s. d. 6 5	s. d. 6 10	s. d. 7 10
July 1, 1933	42,553	9,877	10,135	6 5	6 9	5 6
July 7, 1934	64,080	5,504	23,178	5 6	6 11	6 6
July 6, 1935	80,134	4,568	9,704	5 6	6 9	7 7
June 27, 1936	70,154	3,672	13,843	6 8	6 4	6 3
July 4, 1936	63,413	3,554	13,897	6 9	6 6	6 1

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-36, with comparative figures for 1934:—

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	July 10, 1935	Dec. 31, 1935	July 1, 1936	July 8, 1936
Winnipeg (No. 1, Manitoba)	65½	82½	80½	84½	80½*	90½
Chicago (No. 2 Winter)	84½	98½	84½	75½	95½	105½

* June 30

The visible supply of wheat in Canada amounts to 68,229,000 bushels, against 80,217,000 bushels last week, and 114,673,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—Official prices show an all-round decline and demand, fair at first, has since shown some improvement. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 86s. to 90s.; Canadian, 82s.; Danish, 91s., as against 90s. to 94s., 85s. and 93s. last week. Arrivals in London last week included Danish, 13,056 bales; Canadian, 4,169; Dutch, 2,446; Lithuanian, 1,827; and Polish, 2,308, as against 13,791, 3,847, 2,437, 1,770 and 2,466, respectively, in the previous week.

BUTTER.—Butter prices have risen, but demand remains moderately good. Quotations (per cwt.) on the London Provision change on Wednesday were: New Zealand, finest salted, 112s. 11s.; Australian, choicest salted, 111s. to 112s.; Danish, 125s., npared with 106s., 105s. and 117s., respectively, a week ago.

CHEESE.—The market in cheese has been more active with prices generally higher. Quotations (per cwt.) on the London Provision change on Wednesday were as follows: English, factory, 56s.; aadian, finest white, 67s. to 70s.; and New Zealand, finest oured, 59s. 6d. to 60s.; against 55s. to 58s., 65s. to 66s. and 5s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was cents per lb., as against 6½ cents per lb. last week. In London, Wednesday last, good fermented new crop, "October-December," quoted 28s. 3d. per 250 kilos, c.i.f. Continent, against 28s. 4½d. week ago. Last week's movements of cocoa in London were as ows: Landed, 18,882 bags; delivered, for home consumption, 56 bags; exported, 663 bags; stocks, 182,048 bags, against 162 bags a year ago.

COFFEE.—Demand in London continues quiet with prices steady. New York market has firmed up this week. On Wednesday, No. 7 (cash) was quoted at 6½ cents per lb. in New York, as pared with 6½ cents per lb. last week and 6½ cents per lb. a nth ago. Movements of coffee in London last week were as ows: Brazilian, landed, 147 cwt.; delivered, for home onsumption, 293 cwt.; exported, nil; stocks, 10,166 cwt., against 174 bags a year ago. Central and South American, landed, cwt.; delivered, for home consumption, 2,842 cwt.; exported, 28 cwt.; stocks, 118,180 cwt., against 108,369 packages last r. Other kinds, landed, 1,393 cwt.; delivered, for home sumption, 3,254 cwt.; exported, 1,348 cwt.; stocks, 160,719 ., against 113,952 packages last year.

GGs.—Prices have shown some improvement this week and land continues steady. At Smithfield on Wednesday, English linary packing, Grade I, about 15-15½ lb.) realised 12s. to 9d. per 120, as against 11s. to 11s. 9d. last week, while Danish (lb.) made 9s. to 9s. 6d. per 120, the same as last week.

RUIT.—Business has been good at Covent Garden, states *The ilgrower*, and prices have maintained a fair level. Demand for fruit continues strong, and now that the strawberry season is tically over, other lines are selling rather better. The demand

for raspberries, however, has not been good, but is expected to improve. English blackcurrants have met with a steady sale, and cherries are also selling well at fairly firm rates. There was a moderately good demand for green gooseberries. Peaches and nectarines met with a consistent inquiry and prices for melons and figs remained steady. English hothouse grapes are attracting more attention, with prices easier on account of larger arrivals of Belgian and Dutch grapes. Prices for apples show some improvement but the pear trade has fallen off. Oranges and lemons are doing well, whilst grapefruit is plentiful and cheaper.

MEAT.—Trade in meat at Smithfield Market has been moderate during the past week and prices have remained at about recent levels. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. 2d. per 8 lbs., as compared with 3s. 4d. to 3s. 10d. a week ago. New Zealand frozen mutton was 3s. to 3s. 6d. per 8 lbs., against 3s. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,560 tons, a decrease of 2 tons on the corresponding week last year. Beef and veal accounted for 4,602 tons, mutton and lamb 2,874 tons, and bacon 568 tons, as compared with 4,470, 3,015 and 499 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampong (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 20 tons; delivered, 6 tons; stocks, 1,769 tons, against 2,086 tons a year ago. White, landed, 43 tons; delivered, 30 tons; stocks, 12,273 tons, against 18,575 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. ex warehouse on Wednesday, as compared with 8s. 6d. per cwt. a week ago. "July-August" in singles to Continent and U.K. was quoted at 7s. 6d. per cwt., against 7s. 6d. for "June-July" last week. Movements in London during the past week were as follows: Landed, 30 tons; delivered, 297 tons; stocks, 2,131 tons, against 10,129 tons a year ago.

SUGAR.—The demand for sugar in London has been steady throughout the week. In New York, prices were firm at first but declined later. The spot price in New York on Wednesday was 3.70 cents per lb., as compared with 3.75 cents per lb. last week and 3.72 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 5d. to 4s. 5½d., against 4s. 3½d. to 4s. 4½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 19,133 tons, against 11,837 tons last week and 26,529 tons in the same week of last year; deliveries, 20,172 tons, against 18,341 tons last week and 15,532 tons last year; stocks, 133,162 tons, against 134,201 tons last week and 130,482 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
July 4, 1935	d. 11.49	d. 11.54	d. 13.00	d. 9.94	d. 9.38	d. 10.20	d. 11.74
May 21, 1936	12.41	13.00	14.21	10.81	10.21	11.75	12.81
June 11, "	12.24	12.73	13.30	10.32	10.15	11.48	12.40
June 18, "	12.20	12.26	13.13	10.17	9.95	11.44	12.25
June 25, "	12.20	12.26	12.98	10.26	9.95	11.21	12.18
July 2, "	12.19	12.10	13.04	10.33	9.89	11.26	12.22

This week's offerings at the public auctions in Mincing Lane comprised 42,950 packages of Indian and 25,869 packages of Ceylon tea. Demand has been good for all grades of Indian tea, at firm prices. Ceylon tea was also much in request, prices of plain sorts being well maintained whilst the better qualities showed a rising tendency.

VEGETABLES.—According to *The Fruitgrower's* Covent Garden report, the tomato trade continues good, prices being fairly well maintained in spite of increased supplies. Cucumbers also are selling well. Green pea prices have fluctuated throughout the week. Carrots, turnips and marrows have met with steady inquiry. Egyptian onion prices are firm. Trade in lettuce has been poor. New potatoes improved in price in the early part of the week but have since declined owing to the very heavy supplies on the market. Demand has been fairly steady. At the London Borough Market on Tuesday, Jerseys made only 7s. per cwt., against 11s. to 12s. last week, while English kidneys made 7s. 6d. to 8s. 6d. per cwt.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—A much firmer tone has developed on the markets for oilseeds and their products, mainly on account of adverse reports as to the condition of growing crops in the United States. High temperatures and want of moisture have been detrimental to the linseed sown late and the problem is to assess the extent of the damage. Pessimists incline to the belief of a repetition of the conditions in the drought year 1934, but an immediate change in the weather and ample rains might do much to save the situation. Hence, apart from market sentiment, much depends upon day-to-day reports of the prospects of better weather conditions in the districts most affected. Prices have moved up quickly and good business in Indian linseed is reported at rising prices. Plate also is dearer and is firmly held in anticipation of the United States increased requirements later. Shipments from the Plate to date exceed a million tons and in view of an increase in the official estimate of 50,000 tons, about 550,000 tons remains for export which, with 110,000 tons expected from

RUBBER.—Business has again been active and the firm tone of the market has continued. Good buying for the home trade

has been in evidence and American manufacturers have also been making purchases in London. Meanwhile, the trend of stocks in the United Kingdom continues its downward course. The spot price in New York on Wednesday was 16½ cents per lb., compared with 16¼ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. for "October-December" shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 120,857 tons, against 122,700 tons a week earlier. A year ago stocks amounted to 172,513 tons.

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

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LONDON, July 8th			The prices in the following are revised with the assistance of an eminent firm in each department.											
CEREALS AND MEAT			POTATOES—			s. d. s. d.			WOOL—			s. d. s. d.		
GRAIN, Etc.—			Jersey new, per cwt.			7 0			English Southdown, greasy, per lb.			d.		
Wheat—			SPICES—						" Lincoln hog, washed.....			9 1/2		
No. 2, N. Man. 490 lb. s. d. s. d.			Pepper, per lb.—						Queensland, scd. super combg.....			25		
Barley, Eng. Gaz. av. per cwt. 6 9			Black Lampong			0 2 1/2			N.S.W. greasy, per combg.....			15 1/2		
Oats, 6 1			White Muntok			0 4 1/2			N.Z. grsy., half-bred 50-56			13		
Maize, La Plata, landed, 480 lb. 21 0			Cinnamon—1st sort, per lb.			0 8			Top—			Crossbred 40-44		
Flour, Lon. stan. ex mill, 280 lb. 28 3			Cloves—Zanzibar per lb.			0 7 1/2			Merinos 70's Average			33		
Rice, No. 2 Burma, per cwt. 7 6			Ginger—per cwt.—						" 64's			31		
MEAT—			African			60 0			Crossbred 48's			14		
Beef, per 8 lbs.—			Jamaica, ord. to good			60 0 90 0			" 46's			13 1/2		
English long sides			Mace.....per lb. 1 2			2 2								
Argentine chilled hinds			Nutmegs, 65's			1 0								
Mutton, per 8 lbs.—			SUGAR—											
English wethers			(Duty, 11/8 per cwt.)											
N.Z. frozen			Centrifugal, 96° prpt. shipm., c.i.f. U.K./Cont.			4 6								
Lamb, per 8 lbs.—			B.W.I., crystallised			17 0 18 6								
N.Z. frozen			Java, white, c. & f. India			Oct. Dec. Nominal.								
Pork, English, per 8 lbs.—			Refined—London—											
			Yellow Crystals			17 7 1/2								
			Cubes			21 10 1/2 22 4 1/2								
			Crushed			20 0 20 1 1/2								
			Granulated			18 0 18 10 1/2								
			Home Grown			17 9 18 1 1/2								
			TEA—											
			Indian—per lb.—											
			Pekoe			0 11 1/2 1 0 1/2								
			Broken Pekoe			0 11 1/2 1 1 1/2								
			Orange Pekoe			0 11 1/2 1 8								
			Broken Orange Pekoe			0 11 1/2 1 7 1/2								
			Ceylon—per lb.—											
			Pekoe			0 11 1/2 1 9								
			Broken Pekoe			0 11 1/2 1 2								
			Orange Pekoe			0 11 1/2 1 10 1/2								
			Broken Orange			0 11 1/2 1 7 1/2								
			TOBACCO—											
			(Duty, 9/8-10/8 per lb.,											
			Empire growth, 7/5 1/2											
			8/3 per lb.)											
			Virginia leaf—											
			Common to fine.....			0 8 2 6								
			Rhodesian leaf			0 8 1 10								
			Nyasaland leaf.....			0 7 1 4								
			" strips			0 9 1 6								
			East Indian leaf			0 5 1 4								
			" strips			0 6 1 6								
			TEXTILES											
			COTTON—			d.								
			Mid-Americanper lb.			7-24								
			Sakkardis, f.g.f.			9-84								
			Yarns, 32's twist			10 1/2								
			" 80's twist			16 1/2								
			FLAX—			s. s. £ s.								
			Livonian ZK			per ton 54 10 55 0								
			Pernau HD			nominal								
			Sianet Medium 1st sort			68 0 68 10								
			HEMP—											
			Italian P.C.			nominal								
			Manilla, June-Aug. '12			27 15								
			Sisal African			25 10 27 0								
			JUTE											
			Native lat mks.per ton			c.i.f. H.A.R.B.								
			Aug.-Sept.			£17 1/3								
			Daisee 2/3 c.i.f. Dundee			Oct-Nov.								
			SILK—			£16 0/0								
			Canon			s. d. s. d.								
			Tussah			4 3 6 9								
			Japan			3 6 4 6								
			Italian—raw, fr. Milan			2 8 1 3								
			LARD—											
			Irish bladders			56 0 64 0								
			U.S.per cwt. 54 6			57 0								
			OTHER FOODS											
			BACON—											
			English			per cwt. 86 0			90 0					
			Irish			86 0			83 0					
			Danish			81 0								
			Dutch			87 0								
			HAMS—											
			Canadian			97 0			100 0					
			American			98 0			100 0					
			BUTTER—											
			Australian			111 0			112 0					
			New Zealand			112 0			113 0					
			Danish			125 0								
			CHEESE—											
			Canadian			per cwt. 65 0			66 0					
			New Zealand			59 8			60 0					
			English Cheddars.....			...								
			English factory			56 0								
			Dutch			39 0			45 0					
			COCOA											
			(Duty, British grown,			11/8; foreign, 14/- cwt.)								
			Accra, f.f.per cwt.			28 9			29 0					
			Trinidad			43 0			50 0					
			Grenada			44 0			45 0					
			COFFEE—											
			(Duty, British grown			4/8; foreign, 14/- cwt.)								
			Santos sup. c. & f. cwt.			38 6								
			Colombian, good			32 0			55 0					
			Costa Rica, med. to good			42 0			62 0					
			East Indian			44 0			56 0					
			Kenya, medium			42 0			56 0					
			EGGS—											
			English			per 120 12 0			12 9					
			Danish			9 0			9 6					
			FRUIT—Oranges—											
			South African ... boxes			12 0			16 6					
			Brazilian			14 0			16 0					
			Lemons, Malaga			25 0			26 1/2					
			Sicilian(var.) boxes			...								
			Apples: Amer. (var.) bris.			...								
			" (var.) boxes			...								
			" Australian			6 0			11 0					
			Onions—											
			Valencia, case			...								
			Egyptian bags			...								
			Grapes, Algeria			...								
			Grapefruit, S. African			9 0			16 0					
			" Amer.			12 0			18 0					
			LARD—											
			Irish bladders			56 0			64 0					
			U.S.per cwt. 54 6			57 0								
			MINERALS											
			COAL—											
			Welsh, best Ad'ty ... ton			19 6								
			Durham, best gas, f.o.b.			14 8								
			Tynes ...			23 0			25 0					
			Sheffield, best house, at pits											
			IRON AND STEEL—											
			Pig, Cleveland No. 3, d/ds			ton 7 5 0								
			Barns, M'brough.....			202 6								
			Steel rails, heavy.....			170 0								
			Tin plates			per box 18 9								
			METALS—											
			Copper, Electrolytic, ton			40/15/0			41/0/0					
			Sheets (strong)			84/0/0								
			Standard			36/12/6			36/13/6					
			Ld. Eng. pig ... per ton			18/0/0								
			Soft forelegs			15/10/0								
			Spelter G.O.B.			13/3/9			13/8/9					
			Tin—English ingots			189/0/0								
			Standard cash			188/15/0			189/5/0					
			MISCELLANEOUS											
			CHEMICALS—											
			Acid, citric, per lb., less 5%			1 0 1 0 1/4								
			Nitric			0 2 1/2 0 3 1/2								
			Oxalic, net			0 5 0 6								
			Tartaric, English, less 5%			1 0 1 0 1/4								
			Alcohol, Plain Ethyl			12 0								
			Alum, lump			per ton 8 10 8 15								
			Ammoniac carb.			ton 27 0 28 0								
			Sulphate			per cwt. 5 3 3								
			Arsenic, lump			33 0								
			Bleaching powder, per ton			8 15 9 0								
			BORAX, gran.per cwt.			13 0								
			Do., powder			14 6								
			Nitrate of soda ... per cwt.			7 9								
			Potash—Chlorate, net			0 4 0 4 1/2								
			Sulphate			per cwt. 9 6 10 0								
			Soda Bicarb.per cwt.			10 11 0								
			Crystals			per cwt. 5 3 3								
			Sulphate of Copper, per ton			15 0 15 0								
			CEMENT, best Eng. Portland, d/ds.			London area, jute sacks, 11 to ton (charged and credited at 1/8d. each) or paper bags 20 to ton (free, non-returnable)—								
			4-ton loads and upwards 39/- per ton			S.D. and up to 4-ton loads 41/- per ton								
			COPPER—											
			S.D. Straits c.i.f., per ton			14/3/9								
			Smoked South Sea			Nominal								
			DRUGS—											
			Camphor—											
			Japan, refined per lb.			2 3								
			Ipecacuanha			per lb. 5 3 5 6								
			HIDES—											
			Wet salted—Australian											
			per lb.			0 4 1/2 0 5 1/2								
			Vegetable Oils—											
			Sole Bends 8/14 lb.—											
			per lb.											
			Bark Tanned Sole			2 6 3 6								
			Shoulders fr. DS Hides			0 7 1/2 1 6								
			Do. Eng. or WS do.			0 5 0 6								
			Hollies from DS do.			0 5 0 9								
			Do. Eng. or WS do.			1 4 2 0								
			Dressing Hides			3 6 4 6								
			Ro. Eng. Calif, 20/30 lb.			1 0 1 6								
			Aust. Bends											
			VEGETABLE OILS—											
			Lined, naked, p. ton net			£ s. d.								
			Rape, refined			26/10/0								
			Cottonseed, crude			35/0/0								
			Coconut, crude			22/0/0								
			Palm			18/8/0								
			Oil Cakes, Lined, Eng., per ton			7/15/0								
			Oil Seeds—Lined—											
			La Plata, p. ton, July...			11/10/0								
			Calcutta—per ton			13/5/0								
			Turpentine, per cwt.....			39 0								
			PETROLEUM PRODUCTS—											
			Motor Spirit, No. 1, London											
			Petroleum, Amer. rd.											
			brl. London... per gal.			0 9 1/2								
			Fuel oil, in bulk, for contracts, ex instal.,											
			Thames											
			Furnace ... per gall.			0 8 1/2								
			Diesel			0 4 1/2								
			ROSIN—											
			American			per ton 13/10/0			18/0/0					
			RUBBER—											
			St. ribbed smoked sheet											
			per lb.			0 7 1/2								
			Fine Hard Para per lb.			0 9 1/2								
			SHELLAC—											
			TN Orange ... per cwt.			55 0 60 0								
			SHELLS—											
			W. Aust. M.o.-P. ..			s. d.								
			TALLOW—											
			London town			per cwt. 22 0								
			TIMBER—											
			Swedish u/s 3 x 8 ... per std.			18 5								
			" 2 1/2 x 7 ...			17 15								
			" 2 x 6 ...			15 15								
			Canadian Spruce, Dis. ...			21 10								
			Pitchpine			per load 32 0								
			Rio Dals			per std. 32 0								
			Teak			per load 36 0								
			Honduras Mahg. logs			0 ft. 0 12								
			African			" 0 6								
			Amer. Oak Boards			" 0 6								
			" Ash			" 0 6								

† These prices are for fuel oil for inland consumption—other than for use in Diesel engined road vehicles—and do not include the Government tax.

(New York quotations unless otherwise stated)

	July 10, 1935	June 10, 1936	July 1, 1936	July 8, 1936		July 10, 1935	June 10, 1936	July 1, 1936	July 8, 1936
	Cents	Cents	Cents	Cents		Cents	Cents	Cents	Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	84½	84½	95½	105½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3-28	3-72	3-75	3-70
Maize, nearest future, Chicago, per bushel	82	61½	68½	81½	Cotton, middling, spot, per lb.	12-45	11-79	12-50	13-23
Oats, nearest future, Chicago, per bushel	33½	24½	30½	36½	Rubber, smoked sheet, spot, per lb.....	12½	15½	16½	16½
Rye, nearest future, Chicago, per bushel	44½	54½	65½	71	Petroleum, Mid-Continent crude 33 deg., to 33°90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	(a)	46½	62*	Copper, "Electrolytic," Domestic, spot, per lb.....	7-30	8-82½	8-92½	8-95
Coffee, Rio No. 7, cash, per lb...	6½	6½	6½	6½	Copper, "Electrolytic," Export prompt, per lb.....	7-52½	9-05	9-15	9-17½
" Santos No. 4, cash, per lb.	8½	8½	8½	9½	Spelter, East St. Louis, spot, per lb.....	4-30	4-90	4-85	4-75
Cocoa, Accra, nearest future, per lb.	4-61	5-65	5-99	5-95	Lead, spot, per lb.	4-15	4-60	4-60	4-60
			(a) Nominal.	* July 7	Tin, " Straits," spot, per lb.	52-20	42-12½	40-75	43-50

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With this issue appears our Insurance Supplement

GERMANY AND AUSTRIA

THOUGH for some days past there had been rumours of negotiations for an Austro-German accommodation, the announcement that an agreement had actually been concluded last Saturday probably caused as much surprise inside Germany, as well as abroad, as the announcement of the German-Polish Pact, two and a half years ago. The present surprise has not been diminished by the reported terms on which this Austro-German *détente* has been achieved; for, on points, the arrangement seems almost wholly in Austria's (or ought we to say in Italy's?) favour.

There are three principal heads of agreement: First, the German Government recognises the full sovereignty of the Federal State of Austria. Secondly, Germany agrees to regard the question of Austrian National-Socialism as a domestic concern of Austria, upon which Germany shall exert neither direct nor indirect influence. Finally, while Austria's general policy, and her policy towards Germany in particular, are to be constantly guided by the principle that Austria recognises herself to be a German State, at the same time the Rome Protocols of 1934 (together with the additional clauses of 1934 and 1936), and the relations of Austria to Italy and Hungary as partners in those Protocols, are not to be regarded as being affected by the new Austro-German understanding.

The official joint Austro-German *communiqué* in which these three bases of agreement are announced goes on to mention, in conclusion, that a series of detailed measures are to be taken for establishing the preliminary conditions necessary in order to produce a relaxation of the tension which has characterised Austro-German relations ever since Herr Hitler's advent to power in the Reich. It is credibly reported that these measures are to include the dissolution of the Austrian Legion in Germany, the cessation of Nazi propaganda in Austria, the abolition of the Rm. 1,000 tax on German visas for German nationals wishing to visit Austria as tourists, and permission for Austrian Nazi refugees in Germany to return to Austria only in those cases in which the refugee has not acquired German citizenship—an exception which will rule out the return of most of the Austrian Nazi leaders.

On the other hand, it is circumstantially reported from Vienna that the Austrian Government of Dr. Schuschnigg have agreed not only to introduce two Pan-German Ministers into the Cabinet—one of them is apparently to be the Chancellor's co-adjutor for foreign affairs—but also to release all Nazis in detention camps and to introduce pro-Nazis into high position in the armed forces and the civil service. Moreover, the same reports indicate that the Austrian Government have undertaken, at least for a period of two or three years, not to condone a restoration of the Habsburg dynasty. This is, indeed, another side to the Austro-German medal.

What does this rather surprising agreement mean? Presumably, in the first place, that Herr Hitler has apprehended—and resolved to avert, even at a stiff price—our own Government's present policy of trying to bury the hatchet between Great Britain and Italy, and thus giving French diplomacy an opportunity to rebuild the Stresa Front. It might have suited the book of His Majesty's Government in the United Kingdom to keep the two European dictators in opposing camps, and to utilise Fascist Italy's proved readiness to fight by employing her as a policeman to stand guard over Germany in Europe. On some such policy the Government may have thought that the British Empire could sleep easy, with the former German colonies in Africa and the Pacific still safely stowed away under our comfortable British bed. This British dream of comfort was naturally disagreeable to Herr Hitler; for, since the present French Government will not readily renounce the Franco-Russian Pact, Germany might have been confronted with a real encirclement in which all the other four European Great Powers would have been joining hands round her and against her. As it happened, this plan did not suit Signor Mussolini either. Undoubtedly, the Duce regards it as being one of Italy's vital interests to prevent the absorption of Austria into the Third Reich. But it was obvious that, if the encirclement of Germany did become an accomplished fact, and if Herr Hitler then screwed up his courage to risk his neck by making a desperate attempt to break the iron circle, it would be Italy, in all probability, who would have to bear

the brunt of the German onslaught. The British might meanwhile still lie snugly in bed and listen contentedly to the din of Italy fighting on Austrian soil in order to preserve Tanganyika in British keeping—as Frederick the Great once fought on Saxon soil in order to make Great Britain mistress of Canada.

Thus, Italy and Germany both had an interest in arranging to avoid falling out with each other. In order to make sure of this, they had to come to an understanding over Austria, which is the bone of contention between them. An Italo-German accommodation on the Austrian question has been notoriously difficult to achieve, because either party has appeared to have irreducible demands on the future of Austria, incompatible with the irreducible demands of the other. Yet an accommodation has been achieved—and on a basis which, if Signor Mussolini's and Herr Hitler's professions to harbour no ulterior motives invited unalloyed confidence, would be in itself a wise, sound, and logical development. For while it recognises Austrian affinity with Germany, it also recognises that Austria is not Germany and has her own interests to secure. It is a settlement, in fact, that some benevolent deity, untrammelled by human feelings and material conditions, might have proposed. But neither Mussolini nor Hitler has yet qualified as a benevolent deity. Are we, then, to conclude that either Hitler or Mussolini has renounced an objective which we had always imagined fundamental to his foreign policy?

At first sight the terms of the Austro-German arrangement have the appearance of being a great diplomatic success for Italy, since they involve a recognition, on Germany's part, of just that status for Austria which Italy wishes Austria to enjoy. Austria has now been recognised by Germany as an independent State which is entitled to treat with Germany on a basis of perfect social equality, and also to maintain her special relations with Italy and Hungary. Even the formula about Austria being a German State—which is the sole apparent concession to the Nazi standpoint—is double-edged; for it implies that a State can be German without being Nazi. To Hitler's mind this is the most damnable of all political heresies, as is clear from his sensitiveness over the not dissimilar situation at Danzig.

On second thoughts, however, the present arrangement may appear likely in the long run to play into Hitler's hands, rather than into Mussolini's. The catch in the agreement is conveyed in the proverb that "he who sups with the Devil needs a long spoon." Hitler is known to take the view that he need not unduly worry his mind about Austria, because she is bound to drop, like ripe fruit, into his mouth in course of time. If he can really afford to take his time, he probably has a good chance of seeing his patience rewarded. Peaceful penetration from within may actually prove more rapidly effective if it is not disturbed by a raging, tearing propaganda from without. While the present agreement may perhaps confer a permanent advantage upon Austria by enabling her to acquiesce gradually in the Third Reich's hegemony without having to submit to a complete *Gleichschaltung* on the Bavarian pattern, this will be cold comfort for Mussolini if he wakes up one day to find all Europe up to the Italian frontiers and the Adriatic coastline, including Austria as well as Yugoslavia, rounded up in Hitler's corral.

Meanwhile Mussolini as well as Hitler may congratulate himself on having shown the statesmanship to avoid a collision with his brother-dictator. Thanks to this diplomatic success, both dictators have, for the moment, gained a free hand. And the rest of us may ask ourselves, with some anxiety, what use Mussolini and Hitler are likely to make of their initiative, and whether they will prefer to hunt singly or as a pair. Hitler is the hungrier as well as the stronger of the two; Mussolini has still to devour and digest his recent African kill. Which will Hitler judge to be the easier prey for himself: Central, Eastern and Balkan Europe, or Colonies? If the former, Mussolini may find himself in an uncomfortable position. If both decide on a common colonial policy, France and Britain will be in the uncomfortable position of the rich relations, with little to gain and a great deal to lose. It is with Hitler, clearly, rather than with Mussolini, that the initiative still lies.

THE LESSONS OF JARROW

THE story of the abortive attempt to establish a basic Bessemer steelworks at Jarrow is now almost fully revealed, and the few gaps still remaining can be filled in by intelligent conjecture. But schemes of this nature are delicate plants which do not thrive if exposed before maturity to the open air and the bitter winds of recrimination. The unemployed of Jarrow will find cold comfort in Mr Runciman's announcement in Parliament on Wednesday that the Import Duties Advisory Committee is to undertake an inquiry into the whole position of the iron and steel industry. This inquiry is to have no specific reference to Jarrow, and there is no assurance that either the inquiry or the report will be public. Moreover, the past tenderness of the Committee towards the iron and steel industry does not encourage the belief that its inquiry will be very searching. The Jarrow scheme is dead. It remains only to hold an inquest over the remains.

The full importance of Jarrow cannot be understood without some reference to the technical conditions of the British iron and steel industry. The production of basic steel, especially by the Bessemer process, has been strangely neglected in this country—strangely, because British ores are not suited to the production of acid steel, and because the Bessemer process originated in this country. It is true that basic steel is not suitable for all purposes, but it is suitable for many. And the Bessemer process, in its modern form, is the cheapest method of producing basic steel. It is the foundation of the huge metallurgical industry of Western Germany. There is a market for basic Bessemer steel in Great Britain—for three or four million tons a year of it. But though we have the ore, the coal, the process and the market, we have not got the plant; and at present we import large amounts of semi-finished basic Bessemer steel. The obvious inference—obvious for many years past—is that we should equip ourselves with the plant. One basic Bessemer plant, producing about 350,000 tons a year, has recently come into production at Corby in Northamptonshire, amid the plaudits of all sections of opinion. Another large plant is wanted, and since Corby is inland on the ore, the second might well be on the coast where there is coal available. Jarrow, in fact, is the ideal site, was declared to be so by competent technical advisers, and was offered for the purpose. The syndicate having an option on the vacant site was prepared to go ahead in raising the capital necessary to erect a modern basic Bessemer plant on the scale necessary to secure the full economies.

This plant was intended to be more complementary to, than competitive with, the existing steelworks of the North-East Coast, and it was reasonable to invite the co-operation of the existing firms in the scheme. There was another and more compelling reason for seeking the co-operation of the existing industry. The British Iron and Steel Federation—through its agreements with the international cartel, through its apparently close relations with the authorities who determine the degree of tariff protection and through the almost unique power about to be conferred on it of importing supplies of raw material at a specially low rate of duty and distributing them to its members—has almost complete control of imports, exports and production of iron and steel in this country. These powers were not given it to enable it to exploit the market to its heart's content, but to provide a screen behind which the industry could proceed with the technical re-equipment and the commercial co-operation which all authorities recognised to be necessary. That this alone was the object of such an unparalleled devolution of power to a private organisation has been attested, hand on heart, by the industry and endorsed by the Government.

The Jarrow scheme, providing as it did for a co-operative venture in re-equipment, appeared to be precisely the sort of project which the Federation had been founded to foster. Indeed, the Federation itself, in so far as it can be divorced from its members, appears to have welcomed the scheme, at first, with some degree of warmth. The North-East Coast firms, however, who were being offered this source of cheap steel at their doors, were very far from enthusiastic. If there was to be increased production on the North-East Coast they had plant and sites to offer. It is true that they could not produce Bessemer steel, that

the plant was antiquated, and the sites less favourable, but both plant and sites were blessed by belonging to firms already members of the Federation.

These counter-proposals led to discussions which were, and were clearly intended to be, interminable. And by the time the technical consultant had rendered a second report, confirming his earlier support of Jarrow, there had been a change in the external circumstances. The re-armament programme had arrived, and with it a greatly enhanced and urgent demand for steel. The urgency of this demand, in the Federation's words, made it "imperative to proceed with expansions of plant, both on the Tees and elsewhere, which would give a much more immediate production than the construction of a completely new plant at Jarrow." It is true that steel of some sort, at some price, could be produced more quickly from the existing resources of the Tees than from Jarrow. But it is hard to see how this is relevant to the much longer-range argument for Jarrow. On the Federation's own showing, the right policy was to go ahead on both rivers, with temporary patching-up on the Tees and with permanent plans on the Tyne.

The excuse, however, served its purpose of killing the Jarrow scheme. The Federation was no longer prepared to extend its "co-operation" and the scheme fell to the ground. As we remarked last week, it was still open to the promoters to proceed on their own responsibility. There is no legal prohibition against starting a new steelworks in England against the disapproval of the Federation. Similarly there is no legal prohibition against making issues of trustee securities in the City of London without consulting the wishes of the Bank of England, or against exporting large amounts of capital to foreign countries without the permission of the Chancellor of the Exchequer. But these things are not done. The Jarrow steelworks, to be economically justifiable, would have had to be large. Large steelworks cost more money than any private syndicate can be expected to find out of their own pockets. In other words, there would have had to be a large public issue, and it may confidently be surmised that underwriters would hesitate to endorse an issue for a steelworks which would face from the outset the hostility of an omnipotent Federation. So tight is the interlocking web of "control" that it is disingenuous in no minor degree for the Federation to state that it did not prevent the scheme from coming to fruition. In present circumstances, the mere withholding of its approval was an absolute veto.

The story of Jarrow throws a particularly vivid light upon the degree to which British industry is already in the strait-jacket. No matter how excellent the proposition, no matter how available the capital, no matter how deserving of employment the prospective site, nothing can be done without the approval of Authority. Over large tracts of British industry and commerce the freedom of initiative has gone.

Moreover, observe the nature of Authority. The Jarrow scheme was not intended to be competitive with, so much as complementary to, the existing industry, a contribution to that technical renovation of the industry that has been so long promised. The Federation, on the other hand, has received unusual favours at the hands of the State and might be expected to have obligations in return. But neither the soundness of the scheme nor the obligations of the Federation availed one whit. The scheme was turned down flatly and the obligations were defaulted. And why? Because the Tees-side firms had interests which they "could not see their way to sacrifice."

The facts about Jarrow, once they are widely known, ought to blow sky-high the strange delusions of those who believe in the "self-government of industry." The plain fact is that if an industry is elevated to a monopoly and placed in charge of those who own it, it will act as a private monopoly always acts. It will refuse entry to newcomers, however irreproachable their case. It will put its own interests above those of anybody else, even of the community as a whole. It will exploit the market for all it is worth. If the monopolistic powers are exercised by a central body elected by individual producers, none of whom has individual responsibility for the action of the whole, the case is worse. For the central body will have



7, CHANCERY LANE, LONDON

the conscience, while the individual members have the power. London may wish to pay some attention to the public interest, but Tees-side will crack the whip. Cartels of this now fashionable nature, especially if they are endowed with legal powers, are injurious to the consumer and contrary to public policy, unless much more effective provision is made than has hitherto been the case for ensuring the final authority of the common interest. An "independent" chairman is not enough, unless he has the power and will use it.

This is the pass to which we have come in the steel industry. If the Government pursues its economic policies further it is the pass we shall come to in other industries. We are, in short, well on the way to becoming a Corporative State. But it is Corporativism without its single putative excellence—the power to put the ablest head in each industry in charge. As illustrated by Jarrow, it is an ossification of inefficiency, an endowment of selfishness.

Of the insured workers of Jarrow, 70 per cent. are still unemployed.

UNEMPLOYMENT ASSISTANCE

THE Government's long-awaited Draft Unemployment Assistance Regulations, with explanatory memoranda by the Minister of Labour and the Unemployment Assistance Board,* were issued too late for detailed examination in last week's *Economist*. They envisage the co-ordination of all unemployment relief, other than pure insurance benefit, under the Unemployment Assistance Board by April 1, 1937. Under the Unemployment Assistance Act of 1934 the Board was, by March 1, 1935, to have taken over from local authorities responsibility for relieving 200,000 applicants for poor relief—now termed "public assistance." Already, on January 7, 1935, it had taken over the payment of relief to the 735,000 applicants who, though nominally under the insurance scheme, had exhausted their benefits and were receiving so-called "transitional payments." Before March 1, 1935, however, a storm of protest from many districts led the Government to withdraw the regulations laid down by the Unemployment Assistance Board and to substitute a "standstill" arrangement which brought the new rates into being if they involved an increase, but left the old rates in force if the new rates would have meant a decrease.†

The Temporary Provisions Act of February, 1935, therefore established that "every applicant for assistance should have his needs assessed both under the Unemployment Assistance Regulations and under the Transitional Payments Scheme as if that Scheme had still continued in operation." He was then to receive payment "at whichever rate was the more favourable to him." The local authorities continued to give widely differing rates of

* Cmd. 5228 and 5229. † See the *Economist*, March 7, 1936, p. 514; and June 27, 1936, p. 717.

"assistance," and in some cases even increased them; and the Assistance Board's effective rates naturally tended to follow them.

Moreover, while local authorities have shown a general tendency to give applicants the most favourable treatment possible, their official rates may not always be strictly adhered to in practice, whereas the Unemployment Assistance Board's scales (which follow the local scales) have of necessity to be applied uniformly in each district. During the last 17 months there has thus been a levelling upwards of the average amount of benefit paid under both sets of non-contractual relief. The following figures, taken from the Minister's Memorandum, page 11, illustrate this rising tendency:—

TRANSITIONAL PAYMENTS SCHEME

Period	Average Weekly Payment
November 12, 1931–March 31, 1932	19s. 0d.
April 1, 1932–March 31, 1933	19s. 3d.
April 1, 1933–March 31, 1934	19s. 7d.
April 1, 1934–June 30, 1934	19s. 9d.
July 1, 1934–September 30, 1934	21s. 6d. (a)
October 1, 1934–January 6, 1935	21s. 10d.

UNEMPLOYMENT ASSISTANCE SCHEME

January 7, 1935–October 31, 1935	22s. 11d. (b)
November 1, 1935–June 30, 1936	23s. 6d. (c)
For June, 1936	23s. 7d.

(a) Unemployment benefit rates increased from July 1, 1934, and maximum transitional benefit rates correspondingly raised.

(b) Includes cost of allowances supplementing original regulation rates, and also increased unemployment allowances as compared with transitional payments.

(c) Includes effects of increased unemployment benefit rates for dependent children, operative from October 1, 1935.

The total annual amounts paid out during the last four years and the average number of weekly payments have been as follows:—

Year ended	Expenditure (£ millions)	No. of Average Weekly Payments ('000's)	Average Annual Payment £ per head
March 31	50.4	988	£51.0
1933	48.4	951	£50.4
1934	42.2	761	£55.5
1935	42.4	705	£60.1
End June, 1936	38.0*	620	£61.3*

* Annual rate of expenditure.

Meanwhile, other influences have raised the average rates of payments. Although the "live register" of unemployed persons has been falling during the recent months of industrial recovery, the distribution of the total among those entitled, respectively, to contractual (i.e. pure insurance) benefit, to transitional payments and to assistance has shown variations which could not easily be foreseen. Young single men, living alone, entitled to 15s. a week in relief, appear to have been reabsorbed into employment more quickly than the older married men with dependants, receiving anything from 27s. per week upwards, and the average level of payment has thus been raised.

So much for the background of the new Regulations. What do these Regulations in fact lay down? First, the Means Test embodied in the 1934 Act remains; but the current objection that the basic rent standard was too high has been met by more generous allowances and greater discretionary powers. Wider use is to be made of the Local Advisory Committees, particularly in the treatment of rent and for payments in rural areas, where rent and costs of living present peculiar difficulties. The rate for female householders is raised from 14s. to 15s. per week; all dependent male members in the household over 21 receive 10s. per week, in lieu of 10s. and 9s. for subsequent members; and all female dependants over 21 receive 9s. All male and female dependants over 16 and under 21, receive 8s. per week, in place of the hitherto graduated scale, ranging from 6s. to 8s.; and all persons living on their own (e.g. as boarders), whether under or over 18, are to receive 15s. subject to adjustments, up or down, to meet their particular circumstances. These increases are expected to be introduced within five weeks from November 16.

Two special provisos call for comment. First, any worker, whether he has been insured or not, who is head of a household with dependants, and has no available resources, is to be assessed at not less than the insurance benefit rate; though special cases (e.g. rent in rural areas)

will be given special treatment. This, in effect, means that, though the Board has not universally raised the basic rate of 24s. per week for every man and wife, they will not pay an applicant, who conforms to the description above, less than 26s., minus any special reduction on account of a low rent.

Secondly, if the new Regulations were to come into effect in all areas on November 16th next, the "standstill" arrangement would come to an abrupt end, and the Board's scales would be applied everywhere, uniformly and at once—in many localities on lower scales than the local allowances based on the practice of transitional payments administered by local authorities. To obviate this, a "buffer" period is to be introduced, which can be extended, if necessary, to eighteen months after November 16th. The Board is to be given power to increase allowances, from time to time, to applicants who would have received more under the "standstill," by such an amount "as is reasonable" and the co-operation of the local Advisory Committees will be enlisted in this task. As the scales for local unemployment relief differ, the Board's explanatory Memorandum expressly states that these Committees will have to consider the situation in their areas in the first place. Reductions towards the new scales will be made initially in areas "where, in view of the resources that are available to the household, the (local authorities') allowances are grossly excessive." Young single men and women will be the first group to be placed on the new standard.

The effects of the new scales are contingent on a number of factors which cannot yet be measured. These include the rate at which applicants' "households" increase their earning-power from now onwards, as employment extends; and the decisions of local Advisory Committees in the matter of rent and other allowances. The extent to which the new discretionary powers now accorded will be locally exercised must also depend on the composition of the live register, which alters as recovery proceeds. Then there is another factor: the awards of the Appeal Boards (which are judicial bodies). These may exert a big influence. Not least, local political opinion will be brought to bear on the local committees. And, lastly, the Trade Unions are likely to judge the scheme in the light of the possible effects of its failure, which might throw even the Statutory Fund into the melting pot. In general, it would seem that the anticipated "further increases" in the scales will be spread over all areas, largely in favour of householders without resources; while the bulk of the gradual reductions during the "buffer" period will fall on the households with resources.

Finally, the finance of the new Regulations calls for observation. The long-postponed "second appointed day" is to be fixed for April 1st next. The cost of the new scales, on the basic (June, 1936) figure of 620,000 applicants, is not expected to exceed an annual charge of £38½ millions—which is £750,000 more than the annual rate based on last month's actual experience. From next April onwards, the Exchequer will assume full responsibility for the relief of all the able-bodied unemployed outside the scope of the Statutory Insurance Fund. The Exchequer, however, will be relieved of the payments it has been making to local authorities (at the rate of £5,600,000 a year) to compensate them for the relief of unemployment left on their hands owing to the postponement of the "appointed day" last February. What amounts, if any, local authorities may be asked to contribute to the Exchequer—either directly or by way of reductions in the Exchequer's block grants, which are already weighted for unemployment under the 1929 Local Government Act—is not yet settled. It is clear, however, that the national accounts will soon be bearing, not 95 per cent. of the cost of relief, as at present, but a full 100 per cent.

It may be hoped that the new Regulations will be critically and dispassionately examined, in the light of these considerations. Within the limits imposed on their draftsmen by legislation and hard fact, the Regulations appear to embody an endeavour, in good faith, to find an empirical solution for a complex problem which political controversy threatened to render acute. It is difficult, at present, to prophesy how they will work out in practice; but in intention they seem reasonably framed.

BRITISH INDUSTRIAL EARNING POWER

No survey of the economic experience of British industry in the last few eventful years is really comprehensive without some reference to the impact of depression and recovery on profit-earning power. How has the return on the capital invested in different industries varied during, say, the last seven years? The question intimately affects industrialists, investors, and the Exchequer—the silent third partner in every British enterprise.

The material for an answer is available in our periodical surveys of the published profits of a large sample of British industrial companies. The latest figures, which are given on page 146 of this issue, relate to profits disclosed during the twelve months to June 30 last and earned for the most part during the calendar year 1935. The returns (taken, in each case after deducting debenture interest but before allowing for preference and ordinary dividends) relate to public companies only. They may underestimate the amplitude of annual fluctuations, thanks to internal "adjustments" made by individual companies; but otherwise they may be regarded as reasonably representative. During the last eight years, the size of our sample has broadened from 1,771 companies with an issued share capital of £1,879 millions to 2,138 companies with £2,436 millions. To ascertain, in the first place, the relative movement of total profits for all companies, we have therefore constructed a "chain" index, on the lines shown below:—

GENERAL PROFITS INDEX

Reports published during twelve months ended June 30	No. of Companies	Net Profits per cent. (after debenture interest) Same Companies, 1929 = 100	Chain Index (1929 = 100)
1929	1,771	198,471,070	100.0
1930	2,053	187,588,541	103.8
1931	2,017	139,436,950	88.6
1932	1,949	137,083,181	69.9
1933	1,960	159,597,442	68.2
1934	2,072	192,965,202	81.5
1935	2,138	224,045,804	92.8

We have chosen as a base the published profits of the twelve months to June 30, 1929, rather than of the peak year 1929-30, in order to afford a more direct comparison with present conditions, which, cyclically, have some points of resemblance with those of 1928, when the bulk of the "base profits" were earned. It will be seen that average profits rose by nearly 4 per cent. in 1929-30, fell by 15 per cent. in the following year, dropped to three-fifths of the datum level in the trough of depression, and have now recovered to a little more than nine-tenths of the basic figure. With this broad picture of recession and recovery in mind, let us see how far earnings in a number of important industries have conformed to the general pattern. Using the figures given on page 146, and in earlier surveys, we may construct the following series of "chain" indices:—

PROFITS IN SIX BRITISH INDUSTRIES

(Published Figures for year to June 30, 1929 = 100 in each case)

Twelve Months to June 30	Iron, Coal & Steel	Electric Light and Power	Motors, Cycles and Aircraft	Textiles	Breweries	Retail Trade*
No. of companies:—						
1929	119	43	30	62	93	69
1936	140	36	38	79	105	83
Total share capital (£ millions):—						
1929	200.6	67.8	21.0	155.0	105.9	74.9
1936	249.7	93.9	41.8	168.1	128.3	116.4
Indices of profits:—						
1929	148.8	105.3	111.1	69.6	104.0	103.3
1930	120.8	112.2	85.3	29.7	105.6	98.4
1931	61.4	113.4	28.1	20.7	95.5	80.6
1932	43.1	121.4	2.1	27.5	72.6	73.2
1933	79.7	129.0	35.8	42.0	75.6	73.4
1934	147.9	140.4	46.6	41.9	83.6	79.2
1935	192.2	149.0	54.9	41.2	103.7	87.0

* Shown as "Shops and Stores" in our detailed analyses.

Our samples are not equally comprehensive in every case, and the indices, one and all, are far less representative

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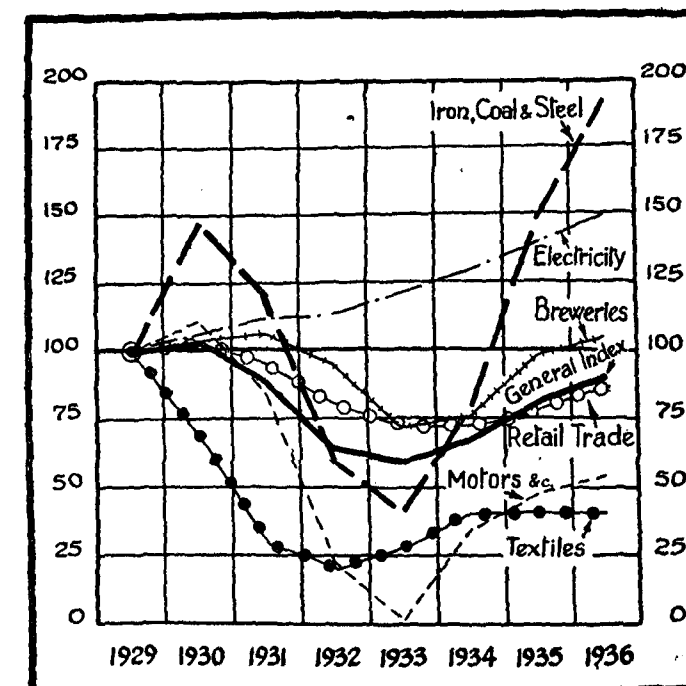
Correspondence invited

than the general figure for all trades. On their showing, however, the palm for the best all-round achievement, in good times and bad, goes to the electricity industry; for the most spectacular recovery from depression, to the iron and steel industry; and for the steadiest profit record, to the brewing trade. Electricity is a major public utility, and the table covers a period during which the national "grid" was completed and the electrification of industry proceeded apace. Steel is a tariff-assisted "capital" in-

PROFITS IN CERTAIN BRITISH INDUSTRIES

(According to company reports issued during twelve months to June 30 of each year)

1929 = 100



dustry with an equity in re-armament, and brewing a "consumption" trade *par excellence*, whose record would have been even more stable in the absence of changes in the beer duty. The course of the index for the motor and allied trades suggests that keen competition in an expanding market has given less to the larger firms than has been relinquished by the smaller. The textiles figures are eloquent of the plight of export industry under the rule of economic nationalism. The index of retail trade profits (which tended to run above the index for all industries during the early years of depression and below it, on the whole, during recovery), suggests that increasing turnover has recently been associated with fiercer competition and lower profit-margins, particularly in the provision trades. The "geometric" profits of famous chain-store companies are not typical of retail earnings as a whole.

What general conclusions are suggested by these figures? It would seem, first (as the annexed chart clearly shows), that the profits of individual industries showed more uniformity of trend during depression than in recovery. Since 1933, the different curves on the chart reveal a decided tendency to spread fanwise. Secondly, although the latest earnings figures for industry as a whole are still below the pre-depression level, they relate to a period whose central point lies about halfway through last year. In view of the subsequent rise in production (disclosed, for example, by our "Business Activity" index) current earnings may well be fully equal to those of 1928-29.

It is much less certain, however, that investors are receiving an equivalent return on their capital, even in the more progressive industries. The following table of percentage rates of ordinary dividend throws direct light on this question:—

AVERAGE ORDINARY DIVIDENDS PAID
(By Companies included in the *Economist's* Surveys)

	Iron, Coal and Steel	Electricity	Motors, etc.	Textiles	Brew- eries	Retail Trade	All Trades (including others)
Twelve months to June 30—	(%)	(%)	(%)	(%)	(%)	(%)	(%)
1929	3.2	8.7	11.8*	11.9	17.6	14.4	10.3
1936	4.5	7.2	9.8	5.2	13.9	14.1	7.9

* 1930. Preceding year's figure exceptional.

Allowance must be made for increases of capital by bonus shares (with their converse, the writing-off of lost capital), and for a somewhat more conservative directorial distribution of profits in 1936 than in 1929. Nevertheless, it would appear that earnings have not, as yet, been fully proportionate to the growth of capital during the last seven years, even in trades whose *absolute* profits have made a relatively favourable showing. Shareholders, in short, may still have some way to go before their pre-depression status has been fully restored.

PRIVATE LIVES AND PUBLIC POLICY

THE Insurance Supplement published with this week's issue of the *Economist* reviews prevailing conditions and tendencies—as expressed by the results for 1935 of a large number of offices—in a British "industry" whose name has gone out into all the world. The facts and figures marshalled in this survey are prefaced by an article containing an appreciation of the great place that insurance holds in the modern State and an examination of some of the problems which are involved in the changing conditions of the industry. As the statesman and the social reformer rely more and more on the machinery of insurance, that machinery has to be adapted to new ends; and at times there will inevitably develop a clash between the purpose that insurance is made to serve to-day and the old principles which served our turn where it was a simple voluntary contract between two parties.

As though to confirm in advance some of the arguments of that article, a troublesome and puzzling case has been before the courts this week, and a judgment of the greatest interest was delivered on Monday by Mr Justice Swift. The case itself is troublesome and puzzling because it was fought on a troublesome and puzzling principle. As the argument between plaintiff and defendant progressed it became increasingly difficult to see how the old principle of law, as it has been generally understood, could be maintained with equity under present-day conditions.

The case is that of *Beresford v. The Royal Insurance Company*, and it was fought on a life insurance claim for £42,000. Mrs Beresford was the niece and administratrix of a Major Rowlandson, who, being so short of money that he could no longer pay his life premium, waited until three minutes before the days of grace expired, and then, with every mark of deliberation, shot himself in a taxi-cab. He was at the time insolvent; and there was nothing but the proceeds of the policy to satisfy debts of £68,000. So

the administratrix, though fighting the case in her own name, was really engaged in salvage operations for her uncle's creditors. Two matters were in dispute. One—was Major Rowlandson mad or sane? The jury, without much hesitation, replied that he was not mad—from which it followed that his suicide was a crime. The second matter of dispute was a legal one—if his death was criminal, was the insurance company liable to pay or was it debarred from paying on grounds of public policy? The judge, replied that the insurance company was not debarred, and consequently gave judgment for the plaintiff.

Public policy has always been a difficult horse to ride. It has generally been thought, however, that a man is prevented by public policy from either benefiting or being indemnified in respect of an action which is clearly a crime; and that the party against whom a claim of this nature is brought not only may but *must* deny liability. The law has been stated, with varying degrees of emphasis, fairly often. Forty years ago, when an action which arose out of the Jameson Raid turned on this point, Mr Justice Kennedy put in a few sentences the view of the law which then prevailed; the view which has never been rejected by a higher court; the view that any claim arising out of a manifest crime is opposed to the public interest and invalid.

As recently as three years ago the Appeal Court seemed to affirm this view in a peculiar insurance case that sprang out of a solicitor's indemnity policy. The insured solicitor had been guilty of the old-fashioned offence of champerty, and for that wrong had paid damages in a civil action in which he was defendant. Having paid the damages, he claimed against the underwriters who had insured him against the consequences of professional negligence, explaining that he had somehow omitted to acquaint himself with the full theory of the law of champerty, and so committed the offence without knowing that he was committing an offence at all. "No!" said his underwriters. "We do not pay. Champerty is a grave sin and its full consequences must be borne by the sinner. It would be contrary to public policy to indemnify you, and it would ill become us as underwriters to offend against the fine old law of public policy just because you as solicitor have offended against the venerable law of champerty." It was a beautiful defence, and it won, Lord Justice Scrutton and his colleagues all holding that, on grounds of public policy, the civil consequences must rest nowhere but on the champertous attorney.

But now a difficulty crops up. Champerty, detestable as it undoubtedly is in the eyes of all right-minded lawyers, is not a thing that the general public worries very much about; and if every practising solicitor committed an act of champerty every week in the year the sleep of the proletariat would probably not be disturbed. But there are other offences that do obviously worry the public, and among them is the offence of driving a car dangerously on the highway and killing or injuring a pedestrian. It is all very well to say that an underwriter may not indemnify against the results of an act of champerty, but shall we also say that he may not indemnify against the results of an act of manslaughter? If a law-abiding citizen is knocked down and killed by a negligent or a drunken motorist, is his widow to go uncompensated because the knocking down was a crime? Is the law to stand thus—that a man injured by a non-criminal insured person must be paid by the insurer and a man injured by a criminal insured person must not? If so, what becomes of the Road Traffic Act and compulsory insurance? Is the law going to eat its own tail by declaring first that everybody in the public interest must insure and then that the insurer in the public interest must not pay?

These questions, which are certainly embarrassing, have twice been raised in the courts, each time before the Road Traffic Act was passed; but as this is a matter not touched on by the Act, the legal position is now what it was when these cases were tried. One case was decided by Mr Justice Bailhache and the other by Mr Justice Roche. The effect of their judgments was roughly this—that, while it is against public policy to pay claims arising out of an intentional crime, it is not against it to pay claims arising out of an unintentional crime. This distinction got the judges out of their immediate dilemma and enabled them to reach a practical decision which they were doubtless anxious

enough to come by; but it does not give all that the public may reasonably ask. It does not, for example, meet the case of the motorist who knowingly drives fast through a controlled area and in the process of breaking the law injures a pedestrian; and it does not meet this life insurance case in which the insured man, with the clearest possible intention, committed a crime in order to produce a claim on his policy. But the consequences of giving judgment against the plaintiff in this case might have been serious, since hundreds of thousands of loans are secured on the assignment of life policies, and if the policies are invalid the security goes. In the epidemic of Greek scuttling cases which followed the war the mortgagees lost their money because the rights of an assignee of a marine policy do not rise higher than those of the assured, and in this matter it is not easy to make a distinction between a marine and a life policy.

Mr Justice Swift reached the view that he expressed in his judgment and upheld the policy on these lines. If, he said in effect, a contract is entered into in contemplation of the commission of a felony; if a man insures his life with the fixed purpose of committing suicide—then it is contrary to public policy to pay. If payment on the policy of one man who has committed *felo-de-se* is likely to produce an epidemic of deliberate suicides, then it might at least be arguable that public policy stands in the way of payment. But such an epidemic is improbable, and the law does not demand the avoidance of a plain contract merely because one man has committed a crime in order to make the contract operative. Unless, therefore, this judgment is reversed, life insurance companies will have to pay for deliberate suicide and the security of lenders on life policies is not impaired.

But champerty still stands.

NOTES OF THE WEEK

A Shock for the Government.—On Friday of last week the Labour Party captured the Derby Parliamentary seat, vacated by Mr J. H. Thomas, from the Government. The Labour candidate, Mr P. J. Noel Baker, polled 28,419 votes against the 25,666 votes of the Government candidate, Major A. G. Church, in a total poll of barely more than 65 per cent., due to holidays and bad weather. The constituency, which had been represented by Mr J. H. Thomas for over twenty years, is mainly industrial. At the General Election last November the Government's majority was 12,670. Thus, the new Labour member effected a turnover of more than 15,000 votes. This bad blow to the Government cannot be ascribed to the circumstances of Mr J. H. Thomas's resignation; for it was widely observed in Derby that "after all, Mr Thomas was a Labour man." Nor can the Government palliate the result by pointing to the weakness of Conservatism in Derby, for the issue between Major Church and Mr Noel Baker lay between two Labour candidates, one "National" and the other "Party." It was a wet polling-day—which habitually favours the Government candidate, who can muster more cars. The verdict of Derby is inescapably clear. The election was "cleanly fought," on the Government candidate's testimony; but it was mainly fought on the Government's foreign policy; and Mr Noel Baker, an ex-professor of international relations, a penetrating writer and a lucid speaker on foreign affairs, made the very best of an occasion rendered favourable to his cause by the Government's successively timid, equivocal and disingenuous attitudes on foreign affairs. A piece of consummate oratory from Mr Lloyd George just before polling-day probably rallied many Liberals to the support of the Labour Party's candidate. Mr Noel Baker thus returns to the House after some years' absence. He will be an undoubted asset, and not only to his Party; and the Government benches will face a continual reminder of the cost of equivocation.

Mr Runciman on Trade.—A rather thin House of Commons, on Wednesday, heard a characteristically comprehensive and lucid exposition of the state of British trade from Mr Runciman. So far as internal recovery was concerned, the President of the Board of Trade had an inspiring story to tell, and made the most of it. Even the bare facts and figures of the past year's story are impressive—a rise of 440,000 in insured workers in employment, of 4 per cent. in postal receipts, 7 per cent. in bank clearances, 6 per cent. in retail sales and 7 per cent. in industrial production. The rate of revival has, if anything, been accelerated in recent months. To-day, as Mr Runciman pointed out, steel production is at record levels, the motor industry continues its prosperous career, demand for certain engineering products has over-run supplies, and even depressed industries like shipbuilding and

cotton have recently reported some improvement. When Mr Runciman turned to the foreign trade outlook, however, the tone of his speech changed, inevitably, from eulogy to apology. Although Britain's proportion of the world's export trade had increased, only a slight improvement had taken place in the volume of international trade itself. Mr Runciman's effort to minimise the significance of Britain's increased adverse balance of visible trade in the first half of this year was not completely convincing. It is true that the rise in imports is (as we show in a subsequent note on page 111) the result mainly of increased purchases of goods "for purposes of consumption by our industries." It is not, however, the rise in imports, but the recent stationary tendency of exports which is disquieting, and the President of the Board of Trade was not in a position to announce any new Government policy calculated to effect a fundamental change. All the twenty-four trade agreements concluded with foreign countries during the last three years, and all those at present under discussion, were bilateral. The Government would continue to base its policy on "equality of opportunity for all nations," and would cautiously use its power as a huge import market "to promote the sales of its goods abroad rather than to compel artificially enhanced purchases." But the Government would "take no undue risks," and would continue to insist on quotas *à l'Anglaise*—namely, those designed not as "additional means of protection," but as means "for the better regulation of production and marketing." It is difficult to see how, on these lines, any decisive increase in British export trade is to be brought about in the near future. And is the Government entirely satisfied that even the limited increase in our adverse trade balance, in recent months, would not have imposed some "strain on our exchanges," in the absence of a fortuitous and temporary influx of refugee French capital?

Credit Control in America.—The Board of Governors of the Federal Reserve System has at length decided to adopt the advice repeatedly offered to it by its own Advisory Council and by a large number of private bankers, and the minimum reserve requirements of all member banks of the system are to be increased by one-half on August 15th. The present requirements are: against time deposits, 3 per cent.; against demand deposits, in New York and Chicago, 13 per cent., in other Reserve Cities, 10 per cent. and elsewhere 7 per cent. The new rates will therefore be 4½, 19½, 15 and 10½ per cent. respectively. This action is the latest in a series of pointed hints, dropped by the authorities that they are anxious to regain control of the credit structure. The first was the ostentatious shifting of Treasury funds from member banks to the Reserve banks last January, which reduced excess reserves by some \$300 millions. The second was the raising of the

minimum cash margin required to be put up by Stock Exchange speculators from 40 per cent. to 55 per cent. in the same month. We discuss the probable extent of the reduction in excess reserves in a "Financial Note" on page 120. But there will still be at least \$1,400 millions of excess reserves, or sufficient, in theory, to expand the credit structure by 23 per cent. The change is not likely to incommode the member banks, as they are plentifully supplied with cash, severally as well as collectively. It is interesting to see the Federal Reserve authorities using some of the novel instruments of control put in their hands in recent years. The theory of changes in reserve requirements accepted in Washington is that they should be infrequent in occurrence and should serve the authorities as a fulcrum on which the lever of open market operations can be based. As a gesture, the change will doubtless be salutary. As an actual measure of control its effects are not likely to be startling, for with \$1,400 millions of excess reserves still remaining, the fulcrum is hardly yet in position. Moreover, so long as the Budget is unbalanced, no Board of Governors can set its hand to the lever of Government bond sales. In spite of this brave display of weapons, there is no new reason to believe that the Federal Reserve authorities would succeed in restraining a really forceful movement of expansion if it should get under way.

The Old Diplomacy.—What has been happening at Montreux illuminates, with a lurid light, the rapidity with which we are relapsing into the old "eve-of-1914" state of things in Europe. Every Power has been playing its traditional part: the Continental Powers and their satellites dividing into the two camps of France and Russia *versus* Germany; the Peninsular Italian power puts up its support for sale to the higher bidder; and the insular British Power tries, as of old, to run with the hare and hunt with the hounds, while stoutly declaring it favours neither party. The Admiralty seemed afraid that if they accorded the French and Russian *desiderata*, Germany would denounce the Anglo-German Naval Agreement; and the Foreign Office seemed determined to go as far as—or a point or two further than—British public opinion would stand in a wild-goose chase after the flitting shadow of an Anglo-Italian reconciliation. The issues at Montreux have crystallised into one concrete question: Is a general rule that, in wartime, the Straits may be closed to belligerents when Turkey is neutral, to be overridden in the case of belligerents who are acting in fulfilment of obligations arising, not merely under the League Covenant itself, but under treaties of mutual assistance that have already been contracted, or may hereafter be contracted, within the framework of the Covenant? On July 9th the Roumanian delegate, M. Titulescu, asked the British delegation why Great Britain, who at Geneva had just declared herself in favour of regional security pacts, was now seeking at Montreux to hamstring the pacts of this kind (which a number of European Powers had concluded, or might conclude, with one another) by refusing to agree that such pacts ought to carry with them the vital privilege of free passage through the Straits in wartime for the armed forces of the contracting parties. Turkey, France and Russia then countered by offering to give Turkey power to allow only the entry of allies' or colleagues' warships—a clear hint that the British have only succeeded in cementing Turkey and Russia firmly together. With this last solution the British delegation was instructed to concur on Wednesday. Thus Turkey will be able not only to refortify the Straits, but also to exclude warships of Powers not her allies or colleagues. Whether Italy will agree, or whether, if she disagrees, any notice will be taken of it, is still unsure. At any rate, after much British ado about nothing, the end of the first major revision of a treaty by consent is now in sight.

The Mediterranean.—In their strenuous endeavours to propitiate Italy, His Majesty's Government have now hit on two moves which have given Signor Mussolini satisfaction. As recorded in the preceding Note, they have been opposing, at the Montreux Conference, the

desiderata of France, Turkey, Russia and the Little Entente in the Straits. At the same time, they have set about reducing the British naval forces in the Mediterranean to "normal" strength. There are, however, at least two features in H.M.G.'s present naval policy that are still causing Mussolini displeasure. For one thing, British "normal" strength in the Mediterranean has been officially stated to mean, not our strength as it stood before the Mediterranean Fleet was reinforced last autumn, but a strength at some higher level which has not yet been divulged, but which is avowedly intended to be permanent. Secondly, Mr Eden has announced, first in the Commons and then again at Geneva, that we intend for the present to maintain those mutual undertakings of reciprocal naval assistance in the Mediterranean, in the event of an Italian attack, which we received last winter, and gave in return, when the tension between Italy and the other States-members of the League was at its height. The Mediterranean Powers with whom we have been in these relations are France, Yugoslavia, Greece and Turkey (Spain eluded our invitation to commit herself); and no doubt the three East Mediterranean countries would like to see these arrangements continue in force so long as the whole international situation remains as uncertain as it is. Although these mutual undertakings were originally entered into at Great Britain's instance and for the sake of her security, it is to-day not we so much as Turkey, Greece and Yugoslavia who are afraid of being selected as the next target for Italian aggression. On the other hand, France has now liquidated her own agreement with Great Britain for mutual assistance in the Mediterranean because she has now, apparently, no fear that Italy may wish to attack either France-in-Europe or even France-in-Africa. France is also eager to coax Italy back into aligning herself once more on the Stresa Front and re-assuming her obligations under the Locarno Pact on a non-reciprocal footing, in consideration of the breach of the Locarno Pact by Germany. With this aim, the French Government is reported to have given both Great Britain and Italy to understand that, in the French view, the Anglo-French mutual assistance agreement in the Mediterranean has lapsed automatically upon the decision of the States-members of the League to abandon the operation of Article XVI against Italy. The French position is, as usual, judicially unimpeachable, diplomatically unwise and morally ungenerous.

—and Locarno.—The French are in danger of falling between two stools. They have made a move which is inevitably disagreeable to Great Britain, without having taken the precaution of making sure in advance that, at the price of this further alienation of British feelings, they could prevail upon Mussolini to play their game. What French diplomacy was leading up to was an invitation to Italy, through the Belgian Government's mouth, to attend a meeting of the Locarno Powers, other than Germany, which was to be held at Brussels at the end of this month. This French approach to Italy, however, met with a rebuff. For last Saturday it was announced that Italy had parried the Belgian invitation by formulating two objections. First, while Italy declared herself ready to "make a concrete contribution towards the guaranteeing of peace," she announced at the same time that she was "compelled to take account of certain Mediterranean undertakings which hinder her participation in the work of international co-operation which she eagerly desires." In the second place, she expressed the opinion that it was advisable to invite Germany also to be represented at the preparatory phase of the forthcoming Locarno meeting. This second Italian objection is common sense; for a Locarno meeting without the participation of Germany threatens to be simply one more repetition of a gesture the futility of which ought by this time to have been impressed upon French minds by bitter experience. The Italian reply tells us that Italy does not intend to line up with France, Belgium and Great Britain in an anti-German pact which is almost certain to amount to nothing more than a parade-ground demonstration in which the performers are not expected to mean business. And the Italian reply may mean more than this. It may mean that, in the next act of the international

animal play, Italy intends (as we have suggested in another place) to hunt in the German pack. It is perhaps in this light that we must read the Italian objection to the Mediterranean mutual-assistance undertakings. For Mussolini's sensitiveness about other people's attempts to provide for their own security is significantly akin to Hitler's feelings on the same subject. The cloven hoof of the potential aggressor can always be detected when he paws the ground in indignation at the sight of a fence. Turkey, Greece and Yugoslavia—indeed, most of the European family—have good grounds for nervousness.

Free Speech.—Free speech is only negatively a right of the citizen. It is a right not to be interrupted or stopped in so speaking, unless an obstruction or a breach of the peace tends to be caused. The police have to decide on the conditions for free speech; and their decisions can be reviewed in the Courts—not, of course, very satisfactorily in courts of summary jurisdiction, where unpaid and untrained Justices of the Peace tend merely to confirm the contentions of the police. An interesting and dignified debate on free speech arose in the Commons on Friday of last week when the Home Office vote came up for discussion. Mr D. N. Pritt, K.C., asked for greater care in the exercise by the police of their powers to ban meetings on the ground of "technical" obstruction, greater assiduity in their powers to enter meetings where a breach of the peace may reasonably be expected to occur, and more impartiality in preventing violent attacks by organised "stewards" on any questioners at a meeting. It came, therefore, as rather a shock to some Members to hear the following:—

"Mr Pritt: Is it part of the efficiency of the Oxford City police force which we are allowed to criticise here, that a police officer refuses to apprehend identifiable persons alleged to be guilty of causing grievous bodily harm?"

The Deputy-Chairman: No; it is not."

Thus, the protection of the citizen's right could not really be discussed. Members from all Parties urged that Fascists' meetings in Jewish areas amounted to deliberate provocation, and adduced evidence of provocative Fascist printed matter. Sir John Simon, replying, endeavoured, with considerable skill and good-natured badinage, to assure the House "that to my knowledge there is no discrimination drawn at all" by the police in treatment of meetings held by organisations of various political colourings. The debate was held rigidly within the strait-waistcoat of that procedure which prevents any but London police activities from being discussed in the House of Commons.

Another Supplementary Estimate.—In the first three months after the Budget, Supplementary Estimates have been merrily mounting up. This week another Supplementary, this time to the Civil Estimates, was issued for £4,006,250, divided as follows: an extra £100,000 for the Secret Service; £857,000 for the Home Office; £2,930,900 for the Ministry of Agriculture; and £111,100 for buildings and palaces at home and abroad. The wind that blows money to the Secret Service bloweth where it listeth; we only hear the sound thereof—though this year it has blown "His Majesty's Foreign and other Secret Services" £100,000 more than the original £250,000. The Home Office Estimate now moves up from £1,019,259 to £1,876,259, in virtue of an extra £7,000 for the headquarters staff of the Office's Air Raid Precautions Department, and of £850,000 as "increased provision for the production of respirators," *alias* gas-masks. It is now reported that the Government will be able to distribute these masks gratis to the population of the most vulnerable areas—though these areas are not yet specified. Extra sums for Palestine and the Middle East are offset by Appropriations-in-aid. The Cattle Fund received only £1,069,000 in the Budget for the subsidy on cattle sold on or before June 30. The new Estimate gives it another £2,930,900, in virtue of the subsequent extension of the subsidy to October 31st, bringing the total so far this year

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to £3,999,900; but of the extra sum, £1,712,900 "is in respect of the period subsequent to October 31, 1936, and is subject to the necessary statutory authority being obtained." Again, of the extra sum £220,000 is needed to repay the Civil Contingencies Fund, which advanced that amount to the Ministry to enable the latter to make subsidy payments due in July. Supplementary Estimates so far this year total £33,972,212, against an allowance in the Budget of £25,600,000. Mr Chamberlain's "paper deficit" is thus already £8,372,212.

British Shipbuilding.—That the fruits of recovery are at last being shared by Britain's shipbuilding industry is revealed in *Lloyd's Register Shipbuilding Returns*, issued this week. The returns show that during the quarter ended June 30th construction was started in Great Britain and Ireland upon a mercantile tonnage of 282,322—an increase of 49,799 tons over the total for the March quarter. New tonnage launched, however, at 167,958 tons, showed a drop of 26,317 tons compared with the preceding quarter. Work on hand at the end of June was 6,371 tons in excess of the corresponding figure for March and 288,411 tons (or over 50 per cent.) above the level of a year ago. The June figure of 848,732 tons was the highest quarterly total recorded since December, 1930; it was equal to 43.5 per cent. of the mercantile tonnage under construction in the world as a whole, and exceeded the aggregate tonnage under construction in the four leading foreign countries. About 64,000 tons (7.6 per cent.) now being built in this country are intended for registration abroad or for sale. The 1,102,273 tons under construction abroad at the end of June was distributed among the principal countries as follows:—Germany, 365,179 tons; Japan, 156,811 tons; Holland, 148,005 tons; Sweden, 124,250 tons; United States, 90,275 tons; Denmark, 71,620 tons. It is, unfortunately, still true to say that British shipbuilding is far less active than in the pre-depression years. Failing positive action to loosen the shackles of international trade, the permanent outlook cannot be viewed with any approach to confidence.

Six Months' Overseas Trade.—A considerable increase in imports and re-exports, with continued stagnation in British exports, were features of our overseas trade during the first half of this year. The excess of imports over exports consequently showed a large increase, compared with the first six months of 1935. These tendencies were intensified in June, as the following tables disclose:—

OVERSEAS TRADE IN JUNE
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	%
Total imports	61,172	57,829	67,844	+ 9,815	+ 17.0
British exports	32,120	32,914	32,085	- 849	- 2.6
Re-exports	4,318	5,222	5,008	- 214	- 4.1
Total exports	36,438	38,136	37,073	- 1,063	- 2.8
Excess of imports over exports	24,734	19,693	30,771	+ 10,878	+ 55.2
Transshipments under bond	1,799	1,755	2,203	+ 448	+ 25.5

FIRST HALF-YEAR'S OVERSEAS TRADE
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	%
Total imports	362,186	359,371	402,801	+ 43,430	+ 12.1
British exports	189,704	206,475	207,890	+ 1,415	+ 0.7
Re-exports	29,016	28,944	32,407	+ 3,463	+ 12.4
Total exports	218,720	235,419	240,297	+ 4,878	+ 2.1
Excess of imports over exports	143,466	124,052	162,504	+ 38,452	+ 31.0
Transshipments under bond	11,921	11,753	12,755	+ 1,002	+ 8.5

The increase in imports this year, although most marked in raw materials, was, nevertheless, well spread between the principal categories. In Class I (Food, etc.) the only group showing a decline during the past half-year was meat, while in Class II (Raw Materials, etc.) the only fall was in imports of rubber. The drop in British exports for the six months is wholly accounted for by reduced shipments of raw materials, etc.—principally coal. The two remaining categories show a slight improvement, compared with the first half of 1935.

Trade by Commodities in June.—Changes in our main imports last month, as compared with the June figures in the last two years, may be seen in the table below:—

RETAINED IMPORTS Month of June				
Item and Measure	1934	1935	1936	
Wheat	8,441	8,670	10,302	
Beef and veal	1,201	1,087	1,030	
Mutton and lamb	677	613	667	
Sugar (unrefined)*	3,123	3,486	4,093	
Iron ore and scrap	368	420	581	
Raw cotton	874	767	1,267	
Sheep's and lambs' wool	261	220	446	
Flax, hemp and jute	18,842	19,965	16,408	
Crude petroleum*	55,313	67,855	71,547	
Hides, wet and dry	87	107	147	
Wood pulp*	198	170	240	
Rubber	371	230	240	
Unwrought copper*	23,759	30,410	25,648	
Pig-lead	20,831	25,360	23,807	
Tin				
Ore and concentrates*	3,140	2,344	2,487	
Blocks, ingots, slabs and bars	1,597	343		
Iron and steel manufactures	68	98	110	
Machinery	4,725	5,490	7,326	

* Total imports.

The Government's re-armament programme, *inter alia*, is reflected in an increase in imports of iron ore and scrap, of iron and steel manufactures and of machinery. The bulk of the increase was in imports from Canada, Germany and the United States. Purchases of non-ferrous metals, on the other hand, showed a decline. The jump in imports of raw cotton is largely accounted for by a 100 per cent. expansion in shipments from the United States, while New Zealand was primarily responsible for the rise in entries of wool. Imports of other textile fibres were smaller than a year ago, and in the case of rubber and of tin blocks, etc., re-exports actually exceeded imports last month. The most important British exports are given in the following table:—

BRITISH EXPORTS Month of June				
Item and Measure	1934	1935	1936	
Coal	3,557	3,062	2,574	
Iron and steel scrap	13,243	16,435	7,180	
Pig-iron and ferro-alloys	9,757	11,197	7,986	
Railway materials	26,852	10,747	28,720	
Total iron and steel manufactures	201,479	187,083	178,536	
Textile machinery	6,294	4,986	3,928	
Total machinery	28,897	30,956	27,559	
Cotton yarns	10,845	11,776	12,313	
Cotton piece-goods	148,778	138,516	129,634	
Wool tops	2,660	4,002	2,990	
Woolen tissues	2,231	2,941	3,068	
Worsted tissues	5,198	4,795	5,393	
Linen piece-goods	2,383	2,941	3,068	
Leather boots and shoes	6,811	5,938	6,223	
Leather	30,900	23,784	21,301	
Paper and cardboard	14,951	24,095	19,066	
Locomotives (complete and parts)	295	295	298	
Motor vehicles and chassis	470	617	2,205	
	4,124	5,372	6,434	

Continued depression in coal mining and in the cotton industry find expression in these figures. The slump in shipments of coal, which has hit South Wales so severely, is

largely accounted for by the application of "sanctions" against Italy; but, unfortunately, it cannot be assumed that their removal will restore this section of our export trade to normal. Italy is still owing British coal exporters large sums. The cotton industry still suffers from the shrinkage of overseas markets, but the woollen industry has more or less held its own. The iron and steel and engineering industries remain extremely active on home orders, and their exports are smaller than at this time last year.

Iron and Steel Production.—That activity in the British iron and steel industry was well maintained during June is revealed by the latest returns of the Iron and Steel Federation, issued this week. On a daily basis, the output of pig iron showed a slight increase last month, while production of steel was considerably larger than in May. In both cases output was heavily in excess of the corresponding figure for 1935. Imports declined between May and June, but remained above last year's corresponding figure. Exports were lower compared both with May, 1936, and with June, 1935:—

(In thousands of tons)				
Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929 " "	832.4	603.0	235.2	364.9
1932 " "	297.8	438.5	132.7	157.4
1935 " "	344.7	585.3	90.9	160.2
1936 " "	498.2	738.3	113.9	187.8
1935 " "	535.5	820.2	96.0	197.7
1935—May	558.9	853.3	96.4	206.8
" June	529.3	770.0	98.2	187.1
" July	547.8	803.3	90.2	205.7
" August	543.4	796.9	74.8	203.5
" September	529.6	855.9	90.3	187.3
" October	544.3	907.3	101.2	224.0
" November	529.5	903.9	77.0	215.8
" December	550.3	911.6	113.0	190.3
1936—January	595.5	911.7	119.9	184.8
" February	584.7	938.5	123.2	167.8
" March	633.6	980.1	130.8	163.4
" April	629.8	984.2	120.8	177.5
" May	661.0	963.0	117.5	204.1
" June	644.1	965.9	110.6	173.5

In our export trade with the Empire a reduction in shipments to India and Canada, compared with a year ago, was roughly offset by an increase in business with the Union of South Africa, Australia and the Irish Free State. South Africa thus easily maintained its position as the most important overseas customer of the British iron and steel industry. Exports to a large number of foreign countries were lower this year than last, the decline being especially noticeable in the case of Russia and Italy. It remains to be seen how far business with Italy will be increased by the removal of "sanctions," which took effect this week.

Road Passenger Transport Fusions.—The dominating position in the road passenger transport industry held by the Tilling and British Automobile Traction group is being continually extended by absorptions of small local 'bus companies. A perusal of the lists of Traffic Commissioners' applications and decisions for the first five months of this year reveals that as many as forty-three independent 'bus companies have lost their identities and been merged into one or other of the Tilling and B.A.T. operating companies. During 1935, apparently, ninety-odd concerns were similarly absorbed, and every year since 1930, when the Road Traffic Act was passed the Traffic Commissioners appointed, there has been similar evidence of the disappearance of the small operator. The number of independent 'bus companies is still relatively large, but nearly all are operating on a small scale. According to the latest reports of the Traffic Commissioners, there were 4,692 operators owning less than five vehicles each at December 31, 1934, while a further 626 operators owned between five and nine vehicles each. At December 31, 1932, the number of operators with less than five vehicles was 5,180, while 660 operators had more than five but less than ten vehicles. In a couple of years, therefore, the total operators in the former category declined by 9½ per cent. and in the latter category by 6 per cent.

OVERSEAS CORRESPONDENCE

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UNITED STATES

ROOSEVELT'S REPUBLICANS

BEFORE the Republican National Convention met at Cleveland most of its Eastern leaders had resigned themselves to see the Party control shift to the Middle West. They assumed that since the November election was lost in any event, it would be wise if the West bore all the blame. But when the Convention met the Easterners could not bring themselves to surrender. They were willing to bow to Governor Landon's nomination, and to the election of John D. M. Hamilton as national chairman. But they took command of the sub-committee on resolutions and proceeded to emasculate the Landon draft platform.

It is well to distinguish between Easterners. The Landon opponents in the Committee were remnants of the Old Guard who have dominated the Republican Party for a generation. Other Easterners, notably Eugene Meyer, formerly of the Federal Reserve Board and now publisher of the *Washington Post*, and Ogden Mills, former Secretary of the Treasury, were both behind Landon, though once close to Hoover; and, with the help of Eastern economists like Professor Kemmerer, of Princeton, they had helped prepare the monetary plank of the Landon draft platform. The Landon Easterners, however, were not on the sub-committee. So the fight waged was a genuine struggle for political power. It turned out to be the only significant struggle at the Convention. The Old Guard won in the sub-committee; it tore the platform to pieces, though precisely how much so will not be known until the full draft of the Landon proposals is published. The news was telephoned to Governor Landon in Topeka, who sent back word that he would decline the nomination unless given a platform he could accept. Further sessions of the sub-committee failed to unhorse the Old Guard, and the fight was transferred to the main committee. Even here Governor Landon did not obtain full satisfaction. And in the end he had to assert himself on the three points of his telegram (constitutional amendment, civil service and the gold standard) read to the Convention by Mr Hamilton before proceeding with the nomination speech. These being the circumstances, it is not surprising that the platform, though more liberal than any adopted by Republicans since the Bull Moose days, is composite rather than synthetic. On the very issues where precision and clarity are essential it propounds contradictions, such as the declarations on farm policy, tariff negotiations, and the European debts.

Points on which Governor Landon compromised include foreign affairs and the scope of social legislation. His original draft on foreign affairs, while containing a pledge against foreign commitments, spoke of co-operation. And this has been replaced by the specific refusal to join the League of Nations or adhere to the World Court. On social legislation he was prepared to amend the constitution, if necessary, to give the Federal Government as well as the States the right to legislate on working conditions, hours and wages of men, women and children.

Governor Landon emerged from the Convention as a distinct personality after having been irritatingly obscure during the entire pre-Convention period. It may be a help to him if the country comes to recognise that personally he stands to the Left of the platform, for in four years he may have less trouble to get his planks written as he wants them. But he may lose Republican Liberals who have been estranged by Hearst's support of him, and who will not be reassured to learn that Ogden Mills is in the inner circle of advisers.

THE DEMOCRATS AT PHILADELPHIA

The surprise candidacy of Congressman Lemke for the Presidency cast a shadow over the Democratic National Convention in Philadelphia which expert stage manage-

ment could not dispel. Mr Lemke, joint author with Senator Frazier of an inflationary farm mortgage Bill, is not himself formidable. But, backed by Father Coughlin's Union for Social Justice, his party takes on substance. If he should have the backing of the Townsend movement as well, the election may go to the Republican candidate, Landon. Dr. Townsend has been in conference with Father Coughlin; and that Louisiana rabble-rouser, Dr. Gerald L. K. Smith, leader of the late Huey Long's Share-the-Wealth movement, is trying to bring Lemke, Coughlin, Townsend and himself into effective fusion. That would bring all the scattered parties but the Socialists, Communists and prohibitionists under one control; and no one is wise enough at this moment to foretell the consequences. The Lemke party, assuming that this four-way merger can be effected, could win few victories; but it would have mass support in many districts. Presumably it would take many more votes from the Democrats than the Republicans; and by setting up third-party candidates, or by endorsing Republicans, it could ensure a Republican victory.

If Mr Farley and other Democratic leaders at Philadelphia were worried they did not show it. The platform contained remarkably few pledges, as though Roosevelt had learned the political safety of eschewing the explicit. It was not even a platform, but a two-way escalator on which the President can move up or down without losing his footing. The acceptance speech, too, was not born of hard thinking but of honest liberal emotion. It contained no attack on the Republicans in general, or on Governor Landon in particular. It is said the President omitted both because he had resented the prediction of Mr Farley that this was to be a "dirty" campaign. At any rate, he started it off on a high note; and the largest political gathering in American history, an impressive gathering of 110,000, was stirred.

The Democratic Convention was without even such vestiges of reality as could be noticed in the Republican meeting in Cleveland. The one real conflict, over the abrogation of the rule requiring a two-thirds vote for nomination, was privately settled. The proceedings were being broadcast, and the party did not care to carry its differences to the millions of listening voters. Radio has certainly ended the institution of the political convention without as yet creating a tolerable substitute. And neither delegates, nor the fourteen thousand onlookers, showed any desire to listen to speeches. Throughout the proceedings the vast auditorium was humming with conversation. Those in attendance had come to shout, demonstrate and visit. Symbolic of the mood was one episode, when the invocation was being begun by a golden-voiced clergyman, who began: "O Lord Our God!" and far back in the hall a single delegate could be heard answering "Whoopee!" Another episode was still more significant. Governor Lehman, of New York, came to the Convention to make an important speech on social security. Because he is considered essential to a party victory in New York State, and had declined to run for re-election, his appearance was the signal for a fifteen-minute demonstration, an unusual tribute to a Governor at a national convention. But when he launched on his speech the great crowd would not listen. He asked the chairman to restore order. The chairman chid the audience, which then resumed conversation. A second time he scolded the audience. Again Mr Lehman had a few seconds' quiet; and then the drone of conversation nearly drowned him out. The Governor was piqued. He shouted into the microphone; and the drone of conversation merely rose. After a third appeal from the chairman the speech was duly finished, for the radio audience alone. This may seem like discourtesy to the speaker. But it only reveals that conventions have ceased to be. They are no longer deliberative bodies.

Only on broad lines can one speak of Democratic policy as distinct from Republican. It favours amendment of the Constitution, "if necessary," to enable the enactment of

Federal and State social legislation. The Republican platform is silent on this point; and Governor Landon's telegram spoke of a Constitutional amendment—also "if necessary"—giving this power only to States. The Democratic farm, tariff and monetary pronouncements are less contradictory than those in the Republican platform, and more liberal. The Republicans will reduce expenditure and thus balance the Budget; the Democrats will continue to spend for relief under Federal supervision. On foreign affairs the Democrats have taken up as isolationist a stand as their rivals, without specifying that the United States is to remain out of the League and the World Court. Thus the offer of co-operation is omitted from both major platforms.

WASHINGTON, July 2.

GOVERNMENT AND THE DEFICIT

The Government's deficits are not solely a liability of the Treasury; they are also a political liability to Candidate Roosevelt. No single feature of the activities of the Administration occasions so much denunciation, and the same people who urge increased outlay for some specific purpose are caustic in their comments on the debt. Consequently, when the fiscal year closed on June 30th with a gross deficit of \$4,763.8 millions, a gross Federal debt of \$33,778.5, and with official calculations that the session of Congress just ended appropriated nearly \$10,000 millions in all, more statistics were heaped beneath the oratorical fire. This deficit is much the largest of the Roosevelt Administration; and the total allocations of \$8,879.7 millions are its largest expenditure. These facts are sufficient proof to many observers that, despite a considerable measure of recovery, public finance is unsafe in the hands of the present Administration.

The opposing point of view is that the Administration is making satisfactory progress towards a balanced budget, and that the figures for the fiscal year just closed are distorted by the bonus payments ordered by Congress over the Presidential veto. These constitute a non-recurring outlay. When this amount is deducted, and the provision for sinking fund subtracted, the deficit for the last fiscal year is \$2,587 millions, which compares with \$3,002 millions in the preceding period, and \$3,630 millions in the fiscal year 1934. This declining trend results from rapidly mounting revenue, due to improving business and higher tax rates. Expenditure during the last three fiscal years, after deducting bonus payments and sinking fund, was \$6,704 millions, \$6,802 millions and \$6,745 millions for the fiscal years 1936, 1935 and 1934, respectively. Receipts should rise substantially during the new fiscal year just beginning, both owing to better business and to the new Revenue Act, while expenditure is not expected to be very much changed. A substantially smaller deficit is anticipated; but not even the hopeful can foresee debt reduction for a long time to come.

LIQUIDITY IN BUSINESS

There has been a great increase in the working capital of business resulting from the operations for financing these deficits. The large imports of gold have contributed to the same development. Bank deposits created by either process pass directly, or after a few transfers, into business funds to a considerable extent; and the current assets of many concerns are accordingly expanded. The possession of this amount of cash has made short-term borrowing almost unnecessary; thus, current liabilities have not substantially increased. These facts are demonstrated by the bank returns, which show deposits not far below their "all-time high" (demand deposits are at new peaks), and commercial and other loans not far from their "lows." A perusal of business reports and financial statements shows the same facts. The rising volume of business has not therefore resulted in commensurate demands upon the banks for credit. This changed position in the working capital of business contrasts strongly with the depression period, one of the most striking characteristics of which was the shortage of working capital.

The total loans to customers of weekly reporting member banks in 101 leading cities averaged \$6,967 millions in May of this year, as compared with \$6,715 millions a year

earlier, while demand deposits of all others than banks and the Federal Government rose from \$13,090 millions in May, 1935, to \$15,220 millions in May, 1936. Reserves with the Federal Reserve Banks rose by \$757 millions from May, 1935, to May, 1936, and investments increased by \$1,746 millions during the same period. Instalment and personal loans have increased, rising by something like 30 per cent. from the end of 1934 to the end of 1935, on the basis of the very scattered figures available; but these loans are chiefly made by institutions outside the banking system. The combined result of deficit financing, gold imports and lending by non-banking financial institutions has thus been virtually to crowd the banks out of the lending field.

The effects of the Securities Act's margin regulations are still another factor limiting the amount of bank lending. The present rules call for maintenance of a 55 per cent. margin in brokerage accounts, and the accounts become "restricted" when the collateral is below that ratio. A study made by the New York Stock Exchange of the condition of its members' customers accounts at the end of March, April and May discloses that the number of restricted accounts ranged between 29 per cent. and 39.5 per cent. of the total; these figures were increased to 40.6 and 49.3 if borderline accounts were included. All activity in restricted accounts ceases. In addition to these accounts, in which business is stopped, the very size of the required equity curtails the amount of possible borrowing on securities.

NEW YORK, July 7.

FRANCE

THE NEW SHORT-TERM LOAN

ON Friday of last week the Government opened the lists of their offer of new short-term Treasury bonds. The lists seem likely to remain open for many weeks. The offer is, in fact, addressed not only to the credit institution and the big capitalist, but also—perhaps principally—to the small saver. The offer creates small denominations of 200 francs, and larger slices of 500, 1,000, 10,000 and 100,000 francs. There are two series of bonds: six-months and one-year bonds. The former bear 3½ per cent. interest, the latter 4 per cent. Interest is payable in advance, so that the subscription price for a 1,000-franc bond comes out at 982.50 francs for the six-months series and at 960 francs for the one-year series. The yield on the bonds is exempt from all taxes, including income tax. Moreover, the Bank of France has undertaken to discount these bonds without limit or restriction, as soon as they have no more than three months to run (the Bank's rate of interest has just been further reduced to 3 per cent.). In fact, the Bank is already liberally discounting public securities; but it is now officially committed to do so. Moreover, the new Governor, M. Labeysrie, declares he is resolved to place the Bank's credit entirely at the disposal of the Government's financial policy, and to lend his most active collaboration in their policy of breaking the vicious circle of monetary stringency.

The total of the loan is not fixed. The Treasury is empowered to raise Frs. 10,000 millions at short term, either by borrowing them from the Bank or by inviting them from the public. Actually it has already borrowed Frs. 1,500 millions from the Bank; but the more bonds it can place with the public the less it will need to have recourse to the Bank.

GOVERNMENT AND LABOUR CONFLICTS

Both for the success of the new loan and for the favourable development of the Popular Front Government's policy, it is imperative that the workers' agitation should be once and for all settled. There are now only a few tens of thousands of "voluntary out-of-works," compared with an estimate of more than a million a little while ago. A few medium-sized factories and a few farms are still occupied by "stay-in" strikers. The Senate had recommended the Government to oppose resolutely any further occupation of factories or farms, and M. Salengro, the Minister of Labour, replied that the Government would put an end to such occupation "by all appropriate means." The Government's

primary means are negotiation and persuasion. The Communists and the majority of Socialists are solidly hostile against any eventual employment of force to stop the movement. It is significant that the Communists agree with the Government in opposing any new occupation of factories or farms, and even in hastening the finish of the current occupations. M. Thorez, secretary of the Communist Party, has given the word of command: "You must know how to end a strike." The reason for the Communists' attitude seems dictated by the necessity to evolve tactics of appeasement for the evident disquiet of the middle classes and peasants; for the Communists have only 183,000 adherents, of whom 21,000 are in Paris. The Party's strong organisation, and not the number of its members, explains its influence over the workers to-day.

THE RAILWAYS' DEFICIT

The 1935 deficit of the big French railway systems rose by Frs. 442 millions over the 1934 figure to Frs. 4,012 millions. This is the biggest deficit since 1930:—

Year	Frs. millions	Year	Frs. millions
1930	1,297	1933	3,978
1931	2,624	1934	3,570
1932	3,681	1935	4,012
Six years' total	...	Frs. 19,162 millions	

If account be taken of former deficits (*déficits arriérés*), the total deficit of the railway systems' combined funds at December 31st last reached Frs. 21,776 millions. Consequently on the new social legislation, now voted (increased wages, 40-hour week, paid holidays, etc.), the deficit on the current year's working will prove still bigger. Already, in default of any surprisingly favourable recovery in the general business situation, the possibility of a shortfall of Frs. 6,000 millions in revenue, compared with expenditure, is being canvassed.

PARIS, July 15.

GERMANY

AGREEMENT BETWEEN BERLIN AND VIENNA

THE agreement between the Governments of Berlin and Vienna, it may be reasonably expected, will terminate overt German attempts to interfere in Austrian affairs and end those platform recriminations and Press attacks for which the two Governments have been directly responsible. It is not likely to solve the so-called German-Austrian question, which consists in a German desire for fusion. So far the realisation of this ambition has been impeded, rather than furthered, by Nazi actions.

In both of the above respects the precedent of the Berlin-Warsaw agreement will probably apply. Except for minor complaints, the relations between Germany and Poland have been good since the agreement was concluded—so good that Poland is sometimes incongruously included in an active German diplomatic group. The Reich Government has entirely stopped the vilification of Poland by the Press, which was the practice three years ago. But the German-Polish question has not been settled. It has only been shelved. Germany has not admitted that the Corridor, the Danzig regime and the Silesian partition are definitive solutions. Fusion with Austria continues to be a German national aim. By the new agreement, Germany merely recognises that the aim cannot be attained without Austria's consent, and also without radical changes in the diplomatic constitution of Europe. The new self-denying ordinance implicitly admits this condition by beginning with a recognition of the independence—"full sovereignty"—of Austria. As Austria's independence already exists in fact and by virtue of treaty, and as it has never been formally impugned even by Germany, the recognition questions rather than confirms. The third paragraph of the agreement, by placing on Austria somewhat obscure obligations, sounds the same note. It was superfluous for Austria to admit such an obvious fact as her Germanism. This paragraph therefore means nothing, unless it means that Austria will work in foreign policy with Germany, at least to the extent allowed by the diplomatic instruments mentioned at the end of the paragraph.

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Naturally, Germans surmise that the agreement may change the whole international situation. There are even speculations about a German-Austrian-Italian-Polish bloc. Berlin's relations with Rome have much improved. It is noteworthy that German neutrality in the Ethiopian dispute, which until lately was represented to be absolute, is now being represented as an outcome of an "understanding" of Italy's policy which the League lacked. The Berlin-Vienna agreement is an expression of waxing German self-confidence. By means of it Germany has foiled the new Locarno Conference, in the narrow frame which was originally designed for it; and has contributed to the British confusion caused by, and the cause of, the unlucky questionnaire. That the British questionnaire initiative is as dead as the British protests against Germany's re-armament and against her denunciation of the Locarno treaty there can be little doubt. The Berlin Press is informed that, "essentially, London now demands from Germany only a friendly acknowledgment of the Note, whereby the friendly form would merely express (Germany's) rejection of the contents."

It is assumed that the agreement will improve Austro-German economic relations. Too much must not be expected from the impending removal of the ban on German visits to Austria. For financial reasons it is almost impossible for Germans to visit foreign countries in any considerable number, with the exceptions of Italy and Switzerland, with which special exchange agreements exist. Trade between Germany and Austria, after sharing in the general foreign trade decline, has of late been relatively stable; and there has been no revival comparable to that in German trade with countries further to the South and East. In 1929, the year of highest German foreign trade turnover and of exports, imports from Austria were Rm. 202 millions, exports to Austria Rm. 441 millions. In 1933 German imports from Austria were Rm. 58 millions, exports to Austria were Rm. 121 millions; in 1935 Rm. 71 millions and Rm. 108 millions respectively. Since mid-1935, German exports to Austria have revived. The decline in the once heavily active German balance of trade

with Austria is connected with the clearing settlement of August, 1934, and with the increased German demand for European wood, yarns, leather, livestock and dairy products. The balance of payments with Austria differs materially from the balance of trade, owing to Germany's import of electrical current, to railway accounts and other factors. There has even been a slight clearing balance in favour of Austria, which Germany hopes to settle by increasing her exports to Austria. At present her chief exports to Austria are coal, coke, ironwares, machines, electro-technical goods, and chemicals and dyes. Some consumption goods are also exported, but in the way of an increase of such exports stand protection of Austrian industry and Czechoslovak competition, helped by preferential duties.

BUSINESS IMPROVING

Railway goods traffic is increasing at a swifter pace than at this season of the past three years. The first five months brought an increase in receipts, compared with 1935, of Rm. 142 millions; and yielded an operating surplus about sufficient to cover the contribution to the Reich and other fixed charges. Railway finance has greatly recovered. At the bottom of the depression receipts even failed to cover operating expenditure.

The steel market is active; and exports in May increased. Production by the Steel Trust, however, in the second quarter of this year shows only a slight increase over the first quarter. It is assumed that the International Cartel will again take up the question of export prices of rolling-mill products. The president of the Vereinigte Stahlwerke, Herr Poensgen, states that after conclusion of the agreements with Great Britain, Poland and South Africa, 90 per cent. of the world's steel export is cartelised; and that the average price has been raised by £1 (gold) per ton. The Cartel must, however, still take American, Japanese and Swedish outside competition into account.

The provisional crops report shows substantial increases in the yield per unit of area, in particular of winter rye. All of these yields are higher than in 1935, and are also above the 1930-35 average. Estimated crops of 1936, compared with the final return for 1935, are:—

	1935	1936
	(Millions of tons)	
Rye	7.48	8.42
Wheat	4.67	4.92
Barley	3.39	3.63
Oats	5.38	5.69

The total bread-grains crop is estimated at 13,430,000 tons, against 12,270,000 tons in 1935 (both without Saar); total cereals (whole Reich), 23,830,000 tons, against 22,030,000 tons.

BERLIN, July 15.

DENMARK

POLITICS AND TRADE TREATIES

DEVELOPMENTS at Geneva are being closely followed in this country; and it is with profound disappointment that the world's gradual return to the Machiavellian maxim of "Might before Right" is observed. Following the British Government's initiative in abandoning sanctions it is expected that a trade agreement will be concluded with Italy, whereby liquidation of the frozen Danish credits will be obtained.

The trade treaty with Great Britain which recently expired has been prolonged until further notice, with a few minor changes. An important new feature, however, will be introduced on August 1st, viz., certificates of origin must accompany practically all imports from Great Britain which are of British origin. Only certificates issued and signed either by the Federation of British Industries, or by a Chamber of Commerce belonging to the Association of British Chambers of Commerce, will be accepted.

The elections to the Landsting (Upper House) are to take place on September 15th. It is expected that the Conservatives will emphasise the necessity for improved and increased defence forces on land, on sea and in the air. The voluntary Air Defence League has made arrangements

for a big demonstration on July 19th. Members of the league, and police and ambulance sections will show what to do during an aerial gas bombardment. A few years ago anything like this would not have met with the slightest response from the Danish public.

Danish agricultural exports for the first six months of 1936 have been a little better than for the corresponding period of last year. The reason is not any relaxation of import restrictions in foreign countries, but the general rise of prices. During the first five months of 1936 the total value of Danish agricultural exports has been 397 million kroner, against 354 million kroner for the corresponding period of last year—an increase of 43 million kroner. While the trade agreement with Germany has opened up a market for Danish livestock, conditions in Denmark's secondary markets are still unsatisfactory; and on the whole the exports to these markets have decreased. Bacon exports to Great Britain are 10 per cent. lower than last year, but exports of eggs are 11 per cent. up and the butter market is considerably better. The rise in the prices paid in Great Britain for Danish agricultural produce has been as follows, each year compared with the preceding:—

	Rise in Prices paid in 1935	1936
For Danish butter, per 100 kg.	Kr. 11.80	Kr. 23.13
For Danish bacon, per 100 kg.	" 21.21	" 25.10
For Danish eggs, per 100 score	" 1.97	" 26.86

A certain improvement in Danish shipping was noticed in 1935, and has continued during 1936. The amount of freight earned increased by about 10 million kroner, and has for the last three years been as follows:—

	Total Amount of Freight earned by Danish Shipping (In million kroner)
1933	abt. 181
1934	" 191
1935	" 201

The increase is not caused by rising freight rates, but by improved operation of the fleet. The financial result is therefore not yet satisfactory. About two-thirds of the freights have been earned abroad. The small profits made have in most cases been used for consolidation and renewal. Only in a few cases has a modest dividend been paid.

The number of unemployed at the end of June was down to 46,789, or 11.3 per cent. of the total number of employed. This favourable position, however, is due to increased trade and is in the manufacturing industries only; for the activity of the building industries is below that of last year. At present the outlook for this country is quite satisfactory, as the growing purchasing power of a number of foreign countries will mean better marketing possibilities for Danish agricultural produce; and despite prevailing trade restrictions, Danish shipping is finding more opportunity of employment and certain Danish industries better markets.

COPENHAGEN, July 13.

CANADA

END OF SESSION

The prorogation of the Federal Parliament was delayed until June 23rd owing to wrangles between the Commons and the Senate about the latter's amendments. Ministers have no reason to be dissatisfied with the fruits of their first session; for they secured endorsement of their trade agreement with the United States, and contrived to get legislative authority for the changes which they regarded as necessary for the management or control of the Bank of Canada, the Canadian Radio Commission, the Canadian National railway system, and the administration of the chief ports, which has been brought under central authority. Another useful measure passed consolidates a number of departments under two new Ministries, styled "Transport" and "Mines and Resources." The Senate, with a Conservative majority, remained obdurate about the provision in the projected constitutional amendments, which proposed to confer powers of indirect taxation on the Provinces; and the Ministry declined to proceed with the resolution thus amended. But in the absence

of legal authority for the proposed Loan Councils, Mr Dunning announced after the close of the session that negotiations were afoot with the Provinces for a national financial committee on a voluntary basis. It is to be equipped with a secretariat and meet at least twice per annum; and its functions will be to collect information about public finances and taxation, to afford a clearing-house for the exchange of data about such problems as overlapping taxation, methods of tax collection, the placement of bond issues, etc.

A few days before the session ended the fate of most of the "New Deal" programme of the Bennett Ministry was thrown into the melting pot by the delivery of a series of verdicts of the Supreme Court upon the eight special references submitted to it by the King Ministry about various social and industrial reform measures of its predecessor. The six judges who heard the arguments by constitutional lawyers proved to have been sharply divided in their views, and only on one reference were they completely unanimous. The Court upheld the Farmers' Creditors' Arrangement Act, the amendment to the Criminal Code designed to check commercial malpractices, and part of the Bill establishing the Federal Trade and Industry Commission. They divided equally about three laws ordaining a minimum wage scale, a limitation of hours of work, and a weekly day of rest in industrial enterprise; but they pronounced *ultra vires* the two most important items in the Bennett programme: the Employment and Social Insurance Act, and the Natural Products Marketing Act. The former is not in operation, but the latter is; and as minorities object to compulsory pooling schemes which have been started under it, considerable confusion may result. However, the verdicts, which are merely *obiter dicta* of the Court, will all be appealed to the Privy Council, either by the Federal or some provincial Government, and its judgments cannot be given until the autumn.

THE ALBERTA EXPERIMENT

In Alberta the Aberhart Ministry has begun to issue its "Alberta prosperity certificates" in \$1 and \$5 denominations, paying them to men engaged on public works. Each certificate is redeemable in cash at the end of two years, by which time it will bear stamps, bought from the Government, to the amount of its own face value plus 4 per cent., for on every \$1 scrip a one-cent stamp is to be affixed every week during the two years. The Government will thus collect \$1.04 on it, using the dollar for redemption purposes and the four cents for administrative expenses. This scheme is not "Social Credit" in any sense, but is merely a method of spending money in anticipation of tax receipts, like the "Papen" scheme in Germany before the advent of Hitler. The *Winnipeg Free Press* describes it as a rather troublesome alternative to borrowing from a bank. Meanwhile, the wholesalers' and manufacturers' section of Edmonton Chamber of Commerce, and the Alberta branch of the Canadian Manufacturers' Association, have notified the 12,000 retail merchants of Alberta that they will be unable to accept scrip. While some country storekeepers may accept it, the business community as a whole will have nothing to do with it. The protective committee which is looking after the interests of Alberta's bondholders have advised the latter not to accept the reduced rate of interest now offered by the Aberhart Ministry; and it is reported that comparatively few coupons are being presented for payment of such interest as is due.

DROUGHT AND BUSINESS

Once more serious anxiety prevails about the all-important Western grain crop. The recurrence of drought conditions over a wide area for the sixth year in succession makes illusory the hopes, raised by more generous rainfall last autumn and early spring, that the drought cycle had at last been broken. The latest telegraphic crop survey of the Bureau of Statistics asserts that, as the result of abnormally high temperatures and negligible precipitation (except in east-central Saskatchewan and north-western Alberta) there has been in the past week a general and serious reduction in crop prospects in the prairie provinces. As the drought conditions extend to the spring wheat belt of the United States, grain prices have been moving sharply upward in Winnipeg.

General business conditions after a stationary spell are now showing considerable improvement, and the economic index of the Bureau of Statistics, by rising 2.6 points to 108.5 for the week ending June 26th, showed a gain for the third consecutive week. It is now almost ten points above the figure for the parallel week in 1935: 98.7. The following are the data about three important components of the index:—

Week ended	Car-loadings	Wholesale Prices	Bank Clearings	General Index
June 22, 1935 ...	72.2	71.5	89.5	98.7
June 20, 1936 ...	72.5	72.4	105.6	108.5
June 13, 1936 ...	71.9	72.2	95.2	105.9

There has been an encouraging gain in employment, and the employment index of the Bureau of Statistics stood on June 1st at 102, compared with 99.5 on May 1st and 97.6 and 96.6 on June 1, 1935 and 1934, respectively. New construction is picking up; and the value of new contracts awarded in June, \$20,803,400, represents an advance of 12 per cent. on the figure for June, 1935. The majority of factories are reasonably well employed and the mining industry continues to expand its activities and output.

OTTAWA, July 1.

LETTER TO THE EDITOR

PROFESSOR A. L. BOWLEY

TO THE EDITOR OF THE ECONOMIST

SIR,—It is proposed to mark the retirement of Professor A. L. Bowley from the Chair of Statistics in the University of London by a recognition in some degree commensurate with his distinguished services.

Professor Bowley has not only given to the London School of Economics, since its beginning in 1895, years of brilliant and devoted teaching; he has at the same time made contributions to social welfare that have been recognised throughout the world, by universities, by learned societies and by governments. His published writings have given him an eminence all his own; and his kindness and geniality have endeared him to generations of students and to all who have had the good fortune to work with him. It is felt that these and many others will welcome an opportunity to share in an expression of admiration for the work he has done.

It is proposed that this tribute of esteem shall include the following:

(1) A portrait of Professor Bowley to be hung in the London School of Economics.

(2) A scholarship or prize tenable in the University of London (at the London School of Economics) to assist a student pursuing undergraduate or postgraduate study in economic or social statistics.

We invite your co-operation in the effort to make a worthy tribute possible.

It is proposed to furnish Professor Bowley with a complete list of all subscribers to the Fund. For this reason we are naturally anxious that it should be as large as possible.

Sir William Beveridge has agreed to act as Treasurer of the Fund; and all subscriptions should be addressed to him at the London School of Economics, Houghton Street, Aldwych, W.C.2, England.

We are, Sir,

Your obedient servants,

(Signed) KENNETH.

J. M. KEYNES.

D. H. MACGREGOR.

W. R. SCOTT.

JOSIAH STAMP.

The London School of Economics
and Political Science
(University of London).

Investment For Appreciation

by L. L. B. ANGLAS

Author of *Coming Rise in Gold Shares* (Feb. 1931); *Coming English Boom* (Sept. 1931); *Coming Rise in Wall Street* (Apr. 1933); *Coming American Boom* (Aug. 1934), etc., etc.

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BOOKS AND PUBLICATIONS

WISE MEN AND THEIR MONEY

HERE are four books* which, from widely different viewpoints, challenge the investor to consider his tactics—and even his principles.

Major Angas elaborates his earlier work into a rigid mathematical investment system, designed to offer the alluring prospect of 30 per cent. capital appreciation each year. Dr. Shaffner, on the other hand, is a sceptic over investment; he argues effectively that the so-called legal safety of the debenture holder has proved illusory and pours scorn on the past history of foreign investment in the United States. For him, the trade cycle is a plague upon investors; for Major Angas, it provides the essential context within which capital may be multiplied fourteen times in a decade. "Securitas"—the *nom de plume* of the financial editor of *Time and Tide*—draws on his published material to show that straightforward inference from broad economic movements has given his followers speculative investment opportunities in plenty during the past five years. He writes with breezy good sense and without attempting to explore the subtleties of investment systems. But he makes many suggestions which the speculative investor might well incorporate in his general attitude to the market. The fourth book is not very substantial, but might profitably be read by housemasters and country rectors.

Major Angas's book is certainly the most challenging of the four. His object is to convert the precarious art of investment into an applied science. His system is in part inductive, based on cyclical and intermediate market fluctuations, and in part deductive, as far as it relies upon simple mathematical truisms. Its exploitation, however, demands an intellectual and moral equipment of no mean order, both from the operator and from his broker. The first requirement is a complete understanding of cyclical fluctuations in industry and finance. (The description of these economic phases, incidentally, is more effective than the author's analysis of their causes.) But the application of this knowledge to changes in security prices must be constantly controlled by reference to the market's own movements. Here the author introduces his graphical laws of probability, urging that while graphs do not tell the investor *why* to operate they do show *when* to operate. As Mr Keynes has recently pointed out, it is futile to invest rationally at times when the irrational behaviour of the majority of speculators swings prices widely from the theoretical norm. Investors must therefore await the market's own signal before they begin to operate their cyclical or intermediate policies. They must, further, distribute their risks by a carefully planned "staking" system, designed to avoid large individual losses and to conserve some paper profits on the rise. This policy requires the placing of rigid "stop loss" orders, which are almost as unfamiliar to brokers as to investors on this side of the Atlantic. The mathematical plan of campaign—once the shares are chosen—is clearly essential to the system. It is not complicated in essence, but for a sizable portfolio—and Major Angas writes for the speculator with means—the detailed work would demand full-time attention.

Investors who suspect charts and have no use for systems will still find much market wisdom in this book. How many could claim the thirteen virtues—and absolution from the seven deadly vices—which Major Angas lists? On the manipulation of share prices, the dangers of "boom markets" and sharp company practices, this prophet of rational speculation is moved to an almost puritanical denunciation. In this respect he shares the conviction of Dr. Shaffner who, by drawing on evidence submitted to United States Senate Committees, shows that recent tendencies in investment finance and in the judicial interpretation of the bondholder's position have added to the investment risks

inseparable from a dynamic world. This book gives part of the long-term analysis of investment risks which is so conspicuously absent from Major Angas's discussion. It ends with an interrogative chapter entitled "Are there any investment experts?" Readers of these books will freely admit that such counsellors do exist although, like the oracles of old, they seem to raise as many doubts as they answer.

SHORTER NOTICE

"Walks and Talks Abroad." By Sir Arnold Wilson. Oxford University Press. 1936. 292 pages.

"This book," the author says, "chronicles things seen and heard between January, 1934, and April, 1936, and includes visits to Belgium, France, Germany and Italy." "My aim," he adds, "has been to present a faithful though inevitably superficial cross-section, varied by occasional reflections of my own, of the feelings and ambitions, joys and sorrows, of men and women whom I have met in travels in four countries." By far the greatest space, in fact nine long chapters out of a total of fourteen, is devoted to Germany. Two more discuss problems closely connected with (and partially arising out of) the change which was brought about by the surrender of power by President Hindenburg to Herr Hitler. France is scarcely mentioned.

It is not, perhaps, surprising if a verbal reproduction of remarks heard in public in Fascist and Nazi countries should sometimes give the impression of a mere repetition of Fascist and Nazi propaganda. The author's strange views heighten this effect. He bases his intense hatred of the Russian Communists on the Christian faith. Yet he finds it not inconsistent to accept an invitation from the "Germano-European Cultural Association" on the morning of the massacre of June 30, 1934.

Sir Arnold finds a "new-born" unity in Nazi Germany. The soldier in him admires the quasi-military camps, the order, the splendid physical condition of the young members of the labour service. The reader of his book is thus given the false impression that before Hitler there was no social service, and no housing policy, in Germany. No doubt the youngsters he met were enthusiastic. But what is the source of their inspiration? An uncritical prejudice, born of propaganda—propaganda against the Liberal, the Pacifist, the Jew, and one or another foreign nation. Sir Arnold's picture of unanimity, of animal enthusiasm and obedience, conjures up a vision not of working but of marching columns. Sir Arnold does not like war, though for different reasons than most civilians; it disorganises the Army.

BOOKS RECEIVED

Platform for America. By W. E. Flanders. (London) McGraw Hill Publishing Company, Ltd. 118 pages. 5s. net.

Hiller Means War: Main Objective U.S.S.R. By George Hicks, M.P. (London) Anglo-Russian Parliamentary Committee, 6/7 Buckingham Street, W.C.2. 31 pp. 1d. net.

Eastern Menace: The Story of Japanese Imperialism. (London) The Union of Democratic Control, 34 Victoria Street, S.W.1. 96 pp. 6d. net.

The Digest Year Book of Public Companies of Australia and New Zealand for 1936. Edited by A. J. Jobson. (Sydney) Jobson's Publications, Ltd., 115 Pitt Street. 283 pages. 1s. net.

Peace Indivisible. Speeches delivered at a Dinner given in London on May 15th, 1936, to M. Maishy and Mme. Maishy by the Anglo-Russian Parliamentary Committee. (London) Anglo-Russian Parliamentary Committee, 6/7 Buckingham Street, W.C.2. 32 pp. 1d. net.

The Tragedy of Abyssinia. A Selection of some recent expressions of feeling and opinion by British Men and Women. (London) League of Nations Union. 95 pages. 6d. net.

The Power of the Press. (London) Labour Publications Dept., Transport House, Smith Square, S.W.1. 20 pages. 1d.

Copenhagen. Guide compiled by Den Danske Landmandsbank. (Copenhagen). 31 pp. No price stated.

Cross Currents of Australian Finance: A Book of Documents. By D. B. Copland and C. V. James. (London and Sydney) Angus & Robertson, Ltd. 496 pp. 10s. 6d. net.

Japanese Trade and Industry: Present and Future. By Mitsuhashi Economic Research Bureau, Tokyo. (London) Macmillan & Co., Ltd. 663 pp. 21s. net.

* "Investment for Appreciation." By L. L. B. Angas. Macmillan. 353 pages. 20s. "The Problem of Investment." By F. I. Shaffner. Chapman and Hall. 257 pages. 15s. "Adventures in Investing." By "Securitas." Hogarth Press. 208 pages. 5s. "That Little Flutter." By B. Riddett. T. Werner Laurie. 94 pages. 2s.

MONEY AND BANKING

THE BANKING HALF-YEAR

THIS year it is not entirely easy to form a definite impression from the half-year's statements of accounts of the leading British banks. For one thing, the Midland Bank's accounts have not yet been published, though those of several other banks have been available for more than a week. It is a great pity that there is no understanding between the banks to publish their half-yearly accounts at the same time. Again, the leading institutions have followed precedent by calling money from the market at the end of the half-year. This practice tends to give a distorted view both of the condition of the Bank of England and the composition of the floating debt; for on June 30th and December 31st the discount market arranges to let Treasury bills run off, and force the Treasury to borrow on Ways and Means from the Bank. On June 30th last Ways and Means borrowing ran as high as £26.7 millions, against only £8.5 millions a year before, so that the distortion was accentuated. Also, as not all the British banks who keep balances at the Bank of England make up their accounts or call from the market on June 30th, there is a certain concentration of bank cash in the hands of those banks which issue half-yearly accounts. This is the main conclusion to be drawn from the very small increase in bankers' deposits with the Bank of England this year, when compared with the growth in the total of bank cash held by the seven clearing banks discussed in the present article. On this occasion, therefore, it is not easy to trace the expansion of credit from the original dispositions of the Bank of England and the Treasury through to the actual changes in the resources and assets of the joint-stock banks.

There is no doubt, however, that some expansion has occurred. This is clearly revealed by the two following tables, which analyse the deposits and assets of the leading clearing banks, other than the Midland:—

DEPOSITS, ACCEPTANCES AND CASH ON JUNE 30TH

	Deposits		Acceptances and Engagements		Cash		Balances and Cheques	
	1935	1936	1935	1936	1935	1936	1935	1936
Barclays.....	382.8	414.2	6.9	7.7	44.3	49.1	12.2	12.7
Lloyds.....	385.0	395.6	34.2	29.3	43.2	45.9	14.3	14.6
National Provincial.....	294.5	308.2	6.5	8.4	30.3	30.2	9.9	8.9
Westminster.....	315.7	356.4	26.8	23.7	32.9	37.7	11.5	11.4
Total.....	1,378.0	1,474.4	74.4	69.1	150.7	162.9	47.9	47.6
District.....	54.0	74.9	4.9	5.4	6.7	7.6	•	2.2
Martins.....	85.7	92.0	5.4	5.4	9.9	10.9	4.2	3.3
Williams Deacon's.....	32.6	35.9	1.7	1.9	3.3	4.2	2.1	2.0
Grand total.....	1,550.3	1,677.2	86.4	81.8	170.6	185.6	54.2	55.1

* Included in cash.

† Omitting Midland Bank.

EARNING ASSETS ON JUNE 30TH

	Call Money		Discounts		Investments		Advances	
	1935	1936	1935	1936	1935	1936	1935	1936
Barclays.....	24.7	23.6	44.4	54.6	105.1	110.0	163.3	175.5
Lloyds.....	24.2	25.2	52.5	56.3	116.1	105.0	140.9	155.3
National Provincial.....	22.1	25.1	38.5	41.5	87.2	89.0	114.2	121.4
Westminster.....	26.9	29.0	38.2	55.6	101.5	108.4	114.7	126.5
Total.....	97.9	102.9	173.6	208.0	409.9	410.4	533.1	578.7
District.....	4.2	5.4	6.3	7.0	22.3	28.8	17.7	27.8
Martins.....	4.8	5.0	4.8	5.8	34.3	35.9	31.2	34.8
Williams Deacon's.....	5.8	6.4	1.1	1.3	9.4	11.7	12.7	12.1
Grand total.....	112.7	119.7	185.8	222.1	475.9	486.8	594.7	653.4

* Omitting Midland Bank.

The total cash holdings of the seven banks under review have expanded during the past year by £15.0 millions. This figure is in striking contrast with the increase of only £1.2 millions in bankers' deposits with the Bank of England. On the argument, however, that the joint-stock

banks require more till-money as an offset against their own expanded deposits, it is reasonable to assume that part of the year's increase of £38.3 millions in the note circulation has found its way into the joint-stock banks' cash. In passing it may be noticed that the increase in the note circulation has been approximately balanced by the expansion in the Bank of England's gold *plus* Government securities. The latter item is subject to the qualification of the half-yearly distortion mentioned earlier, but in general the authorities would seem to have been at pains to prevent the growth of the note circulation from causing any credit stringency.

Call and short loans have increased by £7.0 millions and discounts by £36.3 millions. These increases, which mainly represent the expansion in the banks' and the discount market's holdings of Treasury bills, appear small when compared with the increase of £110 millions in the tender issue of Treasury bills, even when read in conjunction with the market's arrangements for reducing its bill holding on June 30th to a temporary minimum. Subject to what the Midland Bank's discounts may show, it would certainly appear that a large proportion of the new Treasury bills issued during the past year have passed into other hands than those of the clearing banks and the bill brokers. It would be of interest to know exactly where these bills have gone and how many of them, for example, are held by French interests.

The total investments of the seven banks included in our tables have risen during the year by £10.9 millions. This is a very moderate figure, attributable, probably, in the main to the fact that during the past twelve months there has not only been an expansion in tender issues of Treasury bills, but also a growing demand for bank credit. Thus the banks are under less compulsion to add to their investments; while fears that the gilt-edged market may have reached its peak have left bankers little incentive to purchase more Government securities, especially as their holdings were already well above normal a year ago.

The increase of £58.7 millions in advances is equivalent to 10 per cent. on last year's total. If allowance were made for the share of these banks in the French credit of £40 millions raised last spring—and still outstanding—the year's increase would be much less impressive. The relative failure of bank advances to respond to the trade revival of the past four years raises far-reaching questions, which we hope to discuss in the near future. Meanwhile, the inelasticity of the demand for bank loans, which are the most profitable of banking assets, has a direct bearing on the prospect of increased bank earnings in the current year.

Deposits, according to our table, have risen during the year by £126.9 millions. This increase is not quite ten times the year's cash expansion, and the banks' aggregate cash ratio, consequently, has risen slightly from 10.9 to 11.0 per cent. It is clear that the banks are finding some difficulty in discovering a sufficiency of credit-worthy borrowers in need of accommodation. Rather than take up still more Treasury bills they prefer to let their cash ratios rise. Immediate interest lies chiefly in the character of these new deposits. A large part must evidently be French money. As we have shown in earlier articles, the fresh Treasury bills taken up by the banks have come largely from the Exchange Equalisation Account, and are the counterpart to the influx of French funds. The £40 millions of sterling lent under the French credit, similarly, have been sold by the French Treasury, and so transformed into French refugee money. Allowing for these two facts, it is conceivable that quite half the year's increase in the deposits of the clearing banks either consists of French money or has originated from French purchases of British securities. If this view is correct, the banks

cannot regard these resources as "permanent" in any sense; and they may have been well advised to allow a slight compensating increase in their cash ratio.

Finally, we show, in the following table, the ratio borne to deposits by the chief assets of those members of the Big Five whose statements are available:—

RATIO OF CASH AND ASSETS TO DEPOSITS ON JUNE 30TH

	Cash		Discounts		Investments		Advances	
	1935	1936	1935	1936	1935	1936	1935	1936
Bardays.....	11.6	11.9	11.6	12.2	27.5	28.6	42.7	42.4
Lloyds.....	11.2	11.6	13.6	14.2	30.2	26.5	36.6	39.3
National Provincial.....	10.3	9.8	13.1	13.5	29.6	28.9	38.8	39.4
Wm. Lister.....	10.4	10.6	12.1	15.6	32.1	29.8	36.3	35.5
Total*.....	10.9	11.0	12.6	14.1	29.7	27.8	38.7	39.2

* Midland Bank omitted.

Subject to whatever the Midland Bank's accounts may show, the figures suggest an increased cash ratio has been accompanied by slight increases in the percentages of discounts and advances to deposits. The investment ratio, on the other hand, is rather smaller this year. The banks, in short, in relation to their deposits, are rather less heavily committed in the gilt-edged market than they were a year ago. The main impression conveyed by the table is of increased liquidity—which is satisfactory, at least, from the point of view of the banks' customers, especially at a time when it is notorious that British banks are carrying a large amount of volatile foreign money. But the bank shareholders, who, so far as dividends rather than the security of their capital are concerned, naturally see the obverse of the medal, appear to have little reason to expect any significant increase in their earnings, though last year's scale of profits and dividends should be well maintained. Since the crisis of 1931 the banks have become established upon a relatively even keel, and in the absence of wholly unforeseen developments, stability may be the most striking feature of their profits for some time ahead.

FINANCIAL NOTES

American Excess Reserves.—The wider implications of the increase of 50 per cent. in American member bank legal minimum reserve requirements, to take effect on August 15th, are discussed on page 109, but it is of interest to see how they will affect existing excess reserves. A statement from Washington suggests that excess reserves will be reduced from about \$3,000 to about \$1,900 millions, but the statement in its crude form is definitely misleading. On July 9th total member bank deposits at the Reserve Banks were returned at \$5,814 millions and excess reserves at \$2,880 millions. This meant that minimum legal reserves were approximately \$2,900 millions, and if these were increased by 50 per cent. they would become \$4,350 millions. Deducting this last figure from the total reserves of about \$5,800 millions, this would give an excess reserve figure of \$1,450 millions, which differs considerably from the Washington estimate of \$1,900 millions. The explanation of this discrepancy would seem to hinge on the fact that the change does not take effect until August 15th. By that time it is calculated that veterans' bonus payments will have shifted \$500 millions from Treasury Account to member bank account at the Reserve Banks, thus raising at the member banks themselves, however, will equally increase as the result of this transfer, and so their legal minimum reserve requirements will expand as well—possibly by \$70 millions. Other movements, such as gold imports, are also likely to affect member bank reserves and deposits during the next few weeks, so that the Washington estimate of \$1,900 millions is obviously based upon a number of imponderables. A clearer way of expressing the matter might have been, in short, to say that on the basis of the member banks' position of early July, excess reserves would have been reduced to about \$1,400 millions, but that changes before August 15th might raise this new estimate of excess reserves to the neighbourhood of \$1,900 millions.

Banque de France Reform.—M. Vincent Auriol has introduced the revised legislation for the reform of the Banque de France statutes. The original Bill, which was withdrawn, gave the Government general powers to enact reforms by decree, and it was drawn so widely that in the opinion of some observers it would have enabled the Government to force the Bank to suspend gold operations or vary its statutory buying and selling prices of gold—that is to alter the gold parity of the franc. The new measure consists of a detailed series of reforms with no enabling powers for the Government. It provides that the Regents of the Bank shall serve for a definite term of six years, and the number of Regents is also to be increased through the appointment of additional representatives of industry, commerce and agriculture and labour. The Bill relieves the governor and the vice-governor from the need of having to take up shares in the Banque de France, with the risk of subsequent fluctuations in their price, and also increases their salaries. All shareholders are to be given the right to vote at annual meetings, irrespective of the size of their holdings, so that the limitation of voting rights to the 200 largest shareholders disappears. These proposals are all in the direction of the liberalisation of the Bank. They do not necessarily place the Bank under close State control, but the Government will undoubtedly be able in practice to exercise wide powers, and it is to be hoped that it will differentiate between its own true function and those of a central bank. The Bill, however, does make the Banque de France more representative of national interests, and relieves it from the charge of being a close corporation. On these grounds, the proposed reforms are to be welcomed.

Anglo-Italian Clearing.—Now that sanctions are being terminated, the Treasury has had to regularise the question of payments between England and Italy. It will be recalled that in April, 1935, a payments agreement was signed, providing that all debts due to Italians for British goods or freight should be paid into a special account with the Bank of Italy. This was only a "one-way" agreement, for British debtors were not under a similar obligation, but when sanctions were imposed last autumn, it was ordained that all debts due for Italian goods should be settled by payments to a special official in England, called the Controller of Anglo-Italian Debts. Thus sanctions had the incidental consequence of substituting a full reciprocal clearing agreement for the previous one-way payments agreement. This new scheme was a stop-gap arrangement, arising out of sanctions, and so a permanent scheme has now become necessary. It has been decided to continue full reciprocal exchange clearing, and an order was issued at the week-end setting up an Anglo-Italian Clearing Office, providing that debts due for Italian goods or freight shall be discharged by payment into this office's account at the Bank of England. Negotiations are proceeding with the Italian Government with a view to the disposal of the sterling paid into this clearing account, and pending the outcome of these negotiations, these sums will accumulate in the account in the form of a reserve fund. One question which must be settled is whether outstanding Italian debts due to British exporters and others will rank ahead of new debts. Mr Runciman's statement in the House last Wednesday suggests that the British view is that old debts should come first; but if the Italians are in need of fresh imports for re-stocking purposes, they may be arguing the contrary view.

The Foreign Exchanges.—Paris was closed on Monday and Tuesday, but the London market has been unusually idle, and there was no accumulation of business either before or after the Paris holiday. At the end of last week the spot-Paris rate suddenly weakened from Frs. 75½ to Frs. 76½. This was because several London dealers found themselves with surplus francs on their hands, and they sold them in order to clear their books in case of disturbances in Paris during the holiday. No disturbances occurred, and the general trend of the market has been in the direction of covering open bear positions in francs. Hence on Wednesday of this week there was a renewed

demand for francs, and London dealers had to replenish their stocks with the rate back to Frs. 75½. Three months francs have been steady at Frs. 2½ to Frs. 2½ discount, with very little business. The Banque de France return for July 10th shows an increase of Frs. 266 millions in its gold stocks and one of Frs. 358 millions in the note circulation. There has been another switch of about one milliard francs from Treasury bills discounted at the Bank to Provisional Advances to the State, but net Government indebtedness to the Bank is reduced by Frs. 250 millions. The holidays have interrupted subscriptions to the new "baby bonds" issued at the end of last week, but it is ominous that no news of the response to the issue is forthcoming. Dollars have been steady at \$5.02½-¾ in London and Frs. 15.07½-10 in Paris. Gold bloc currencies are stronger owing to bear covering, and Swiss francs are quoted in Paris at not far off the point at which it pays to send gold to Switzerland.

The Money Market.—There has been a moderate demand for loans every afternoon, but money has been easy and plentiful. The clearing banks have bought Treasury bills for dates covering August, September and early October, at their minimum rate of ½ per cent. Three months' bank bills are quoted at ½-¾ per cent., with the emphasis on the lower rate. The market has been able to earn a small turn by buying bills at ½ per cent., and reselling them at ½ per cent.

	June 25, 1936	July 2, 1936	July 9, 1936	July 16, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	½	½	½	½
Short loan rate:—				
Clearing banks	½-¾-1*	½-¾-1*	½-¾-1*	½-¾-1*
Others	½	½	½	½
Discount rates:—				
Treasury bills	½	½-¾	½	½
Three months' bank bills	½-¾	½-¾	½-¾	½-¾

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.

Tender issues of Treasury bills continue to expand, and this week have reached £620 millions, against £493 millions at the end of the financial year. Tap issues have fallen during the same period from £204 to £191 millions, and are £21 millions higher than a fortnight ago. This last movement may reflect both the easier tendency of the franc and the Bank of England's gold purchases, for the Exchange Equalisation Account has lately been selling gold and presumably increasing its holdings of Treasury bills. Otherwise the tender issue would have risen still higher.

The Bank Return.—This week the Bank has purchased a further £5.4 millions of gold, and as the note circulation is unaltered, the Reserve is increased by £5.2 millions.

	BANK OF ENGLAND				
	July 17, 1935	June 24, 1936	July 1, 1936	July 8, 1936	July 15, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.7	216.3	221.1	225.6	231.0
Note circulation	399.6	434.8	439.6	443.1	443.3
Banking Department:—					
Reserve	53.7	42.5	42.4	43.5	48.7
Public deposits.....	7.9	20.0	9.9	10.5	20.4
Bankers' deposits	103.6	90.8	111.7	96.7	90.6
Other deposits.....	38.8	37.4	39.8	38.4	40.7
Government securities ...	91.9	99.6	110.4	96.8	96.8
Discounts and advances ..	9.3	7.6	10.6	6.0	5.9
Other securities	13.5	16.5	15.9	17.4	18.4
Proportion	35.7%	28.6%	26.2%	29.8%	32.0%

In the absence of any change in the Bank's earning assets, the Bank's gold acquisitions and the increase in the Reserve are reflected in an expansion in deposits. The Bank has to pay for the gold it purchases, and, even if it buys it from the Exchange Equalisation Account, the result is that the Account takes up more Treasury bills, so that the joint-stock banks and the money market have to take up and pay for less bills than they would have had to otherwise. This week the increase is mainly confined to public

deposits, which have risen by £9.9 millions, while bankers' deposits have fallen by £6.1 millions. Monday, July 13th, fell exactly three months after the Easter Bank Holiday, and so early in the week Treasury bill payments were in excess of maturities. This explains the increase in public deposits as on July 15th, the date of the Bank return.

June Clearing Bank Averages.—Partly because of the Bank of England's acquisition of gold and Government securities, the average cash holdings of the ten British clearing banks were £4.7 millions higher in June than in May. This has permitted a general expansion in bank assets, leading to an increase in deposits of £43.4 millions, or practically the traditional ten times the expansion in cash. There is also an increase of nearly ten millions in balances with other banks and cheques in course of collection, which may indicate the more active circulation of money.

	(In £ millions)					
	June, 1935 (a)	May, 1936 (a)	June, 1936 (a)	Apr., 1936 (b)	May, 1936 (b)	June, 1936 (b)
Capital and reserves	125.7	125.8	125.8	131.7	131.8	131.8
Acceptances, etc.	109.1	97.5	98.3	104.3	102.8	103.8
Deposits (including undivided profits, etc.)	1,965.9	2,075.7	2,117.4	2,116.3	2,148.0	2,191.4
Total liabilities	2,200.7	2,299.0	2,341.5	2,352.3	2,382.6	2,427.0
Cash	213.0	209.6	214.3	224.1	216.9	221.6
Cheques, balances and items in transit	59.9	55.1	64.5	61.2	56.9	66.6
Money at call	138.7	146.7	146.3	155.4	153.8	152.6
Discounts	242.3	302.6	320.8	286.7	307.6	327.5
Investments	608.0	595.1	598.9	621.5	624.3	626.2
Loans and advances	760.5	824.1	832.1	849.2	850.3	858.8
Investments in affiliated banks	25.2	25.1	25.1	25.1	25.1	25.1
Cover for acceptances, pre-mises, etc.	153.1	140.7	141.5	149.1	147.7	148.6
Total assets	2,200.7	2,299.0	2,341.5	2,352.3	2,382.6	2,427.0

(a) Excludes District Bank.

(b) Includes District Bank.

Among the Bank's earning assets, discounts are £19.9 millions higher; this reflects the increase of £35 millions in tender issues of Treasury bills, taking the average of the weekly figures for May and June. Advances have risen by £8.5 millions, which shows that the demand for banking accommodation is continuing its slow expansion. Investments are almost unchanged.

Standard Bank of South Africa.—The accounts of the bank for the year ended March 31, 1936, indicate that there has been no break in the regime of cheap and plentiful money that South Africa has been enjoying since the suspension of the gold standard in 1932. Nearly all the items in the balance sheet show increases. Both cash and deposits have advanced, though not in the same proportion, and consequently there has been a slight increase in the cash ratio. The considerable increase of nearly £2.5 millions in discounts and advances bears witness to the continued improvement of business activity in South Africa. The main features of the accounts are summarised below:—

	Year ended March 31		
	1934	1935	1936
Liabilities:—	£'000	£'000	£'000
Capital	2,500	2,500	2,500
Reserve fund	2,500	2,500	2,500
Deposits	55,163	55,463	57,881
Bills for collection	7,282	8,336	8,364
Assets:—			
Cash	17,081	12,055	12,991
Call money	2,600	1,871	2,100
Investments	9,826	12,726	12,406
Bills purchased	3,971	4,361	4,347
Discounts and advances	25,249	27,738	29,616
Net profits	433	503	478
Dividend	10%	12%*	12%*

* Includes a bonus of 2 per cent.

There is a slight decline in net profits from £503,000 last year to £478,000. As there has been no decrease in the bank's earning assets this may indicate a fall in money rates, or may possibly be purely fortuitous. In any case it is not serious, and last year's dividend of 10 per cent. with an additional bonus of 2s. per share has been repeated.

THE STOCK EXCHANGE

ARGENTINE RAILWAY YEAR

IN recent months, Argentine railway stocks have won undeniable distinction as the most neglected section of the London stock markets. Some improvements in the situation—such as the important exchange concessions announced last February—have introduced temporary relief. Occasionally, the market has been tempted to ignore successive poor traffic returns, and has put quotations fractionally higher. But it has been unwilling—or unable—to gauge the future trend of events for more than a few weeks ahead. An already complex situation has been rendered even more uncertain by the Anglo-Argentine trade agreement negotiations, and by the British Government's beef policy announced last week.

The operating results of the chief Argentine railways for the year which ended three weeks ago had for some time been in little doubt. Prolonged drought during 1934-35 severely reduced the area sown to wheat, and the inevitable consequence has been seen in a sharp reduction of wheat shipments during the past season. Maize movements have been delayed—and the quality of the crop reduced—by excessive rain. The effect of lower wheat traffics is clearly shown by the Buenos Aires Great Southern receipts of \$113,570,000 for the 52 weeks to June 27th last, which show a fall of no less than 9.4 per cent., compared with the previous 52-week period. For the Central Argentine, which is predominantly a maize line, the decline in peso traffics is more moderate. The Buenos Aires Western, closely interested in livestock traffics, shows a reduction of slightly over 1 per cent. For Buenos Aires and Pacific the increase of 4.4 per cent. in gross receipts is probably attributable to wine and fruit movements. The following table shows the peso receipts for the 52-week periods to the end of June, 1935 and 1936, and provides a percentage analysis of the principal sources of traffics:—

	Years to June 30	Traffic Receipts	Change compared previous year	Sterling Equivalent Traffic, at average exchange	Percentage of Gross Receipts derived from		
					Wheat	Maize	Livestock
B.A. Gt. Southern.	1936*	113,570	- 9.4	6,671.6	12.5	0.8	8.4
	1935†	125,397	+ 4.1	7,353.7	12.9	1.1	9.0
	1934†	120,450	...	...	...	...	...
B.A. Western	1936*	39,904	- 1.1	2,344.1	8.7	6.8	22.5
	1935†	40,336	- 2.5	2,364.4	13.7	5.9	21.2
	1934†	41,375	...	...	...	...	...
Central Argentine.	1936*	103,817	- 4.2	6,098.6	8.6	16.7	3.3
	1935†	108,351	...	6,348.2	13.9	15.5	3.2
	1934†	...	...	...	...	...	...
B.A. and Pacific...	1936*	74,430	+ 4.4	4,372.4*	6.7	7.8	6.6
	1935†	71,315	...	4,182.5	9.0	6.5	6.1
	1934†	...	...	...	...	...	...

* 52-week period. † Year to June 30th. ‡ Latest year's figures not yet available.

Stockholders, clearly, can hope for little relief in the forthcoming accounts on these traffics. There are, certainly, a number of mitigating factors. The exchange position is undoubtedly better. Until the introduction of the new arrangement last February, the companies had been compelled to purchase sterling mainly at the "official" rate of 17 pesos, with occasional resort to the "free market" at over 18 pesos to the £. The new rate is determined by adding 5 per cent. to the official purchase price. At the present level of 15½ pesos to the £, it represents a substantial concession to the companies. This exchange agreement, moreover, was accompanied by maize freight concessions for 1936 amounting for all the railways to 3½ million pesos. It was at first believed that this *quid pro quo* would cost the Central Argentine most, as much the heaviest maize carrier. The chairman, however, has recently stated that the railways will pool the maize concession, in proportion to their remittances during 1936.

Under this arrangement, the maximum benefit for the railways may be estimated at about £950,000 (calculated on the basis set out in the *Economist* of February 22nd), shared among the lines as in Column (1) of the table below. These estimates, however, are based on the 1934-35 remittances, and they seem, in fact, to be somewhat generous, so far as the current calendar year is concerned. Mr Howard-Williams has recently stated that the net saving for Central Argentine during 1936 "will not be less than £150,000."

In view of the impossibility of calculating even approximate figures, in the absence of precise knowledge of the value of the maize concession and of the volume and "spread" of the current year's remittances, we have contented ourselves with setting out, in the following table, the range of the potential saving, on our revised estimates and on the minimum basis announced by Mr Howard-Williams, and the position of the marginal stocks on either hypothesis. The percentages take no account of operating factors:—

	(1) "Upper Limit" Estimated Net Saving	(2) "Minimum" Net Saving (1936), based on Central Argentine Estimate	Marginal Stock	Savings as percentage on Marginal Stock	
				Estimate 1 (%)	Estimate 2 (%)
B.A. Gt. Southern	381,000	212,000	6% 2nd pref.*	4½	2½
Central Argentine	269,000	130,000	4½% pref.	2½	1½
B.A. Western ...	98,000	53,500	4½% 2nd pref.*	1½	Nil
B.A. and Pacific	201,000	112,000	4½% 2nd deb.	4	Nil

* Half dividends paid for 1934-35; largely unearned for B.A.G.S., wholly unearned for B.A. Western.

On the lower estimate, B.A. Great Southern second preference stock, which last year received a largely unearned 3 per cent., might cover that rate of payment, other things being equal, from the net saving. At the upper limit, the stock might be substantially covered. More modest advantages are suggested for B.A. Western second preference, which also received half payments last year. The two limits for Central Argentine 4½ per cent. preference—dividendless since 1933—are 1½ and 2½ per cent.

For 1935-36, however, it is evident that whatever relief is secured in this direction will be greatly outweighed by the fall in traffics, at least for B.A.G.S. and Central Argentine. Taken in sterling, at par, the traffic reduction amounts to over £1,000,000 for the former undertaking, and to about £400,000 for the latter. It may be possible to effect further cuts in renewals—though of nothing like this magnitude—and, perhaps, to obtain some modest savings in operating expenditure. Again, the improvement in the exchange position over the past year should enable the companies to take further credit for amounts provided in earlier years against the fall in the sterling value of currency net floating assets. The Central Argentine, alone among the "Big Four," brought no credit from exchange reserve into last year's accounts. But next October's report of the B.A. Great Southern can hardly be a cheerful document. The B.A. and Pacific, presumably, will seize the opportunity presented by the improvement in revenue and the exchange saving to raise the standard of maintenance of its line now that it has brought the interest on its second debenture stock up to date. Holders of the 4½ per cent. consolidated and 5 per cent. stocks, on which interest has been postponed for 4½ years, may have to exercise the virtue of patience before old coupons are met. The B.A. Western has a slight fall in traffics to offset small prospective net benefits from the exchange agreement. On the whole, the market may be right in valuing the second preference stock on a substantially higher basis than B.A.G.S. second preference. With all the companies, however, remain problems of restoring renewals provisions and, in some cases, of

strengthening the standard of maintenance. How is the investor to interpret the long-run prospect?

The position within Argentina itself does not lack hopeful factors. The coming season's wheat crop will almost certainly be heavier than that of 1935-36. And the exchange concessions are valuable indications of the Government's goodwill. The market has also greeted with relief the assurances given by Señor Nogues to limit competition from State lines. But, in the ultimate analysis of Argentina's railway position, the effect of British fiscal and agricultural policy cannot possibly be ignored. The Government last week announced that imports of beef from non-Empire sources will be subject to an import duty—generally expected to amount to ½d. per lb. Argentina, therefore, will have to find an alternative market for part of her present supplies to this country or, as many apologists claim, "pay the duty herself." If the prices realised by the Argentine grazier were, in fact, to be reduced by nearly one-fourth, irresistible pressure upon the companies for a reduction in freight rates may undoubtedly be expected. A reduction of £3,000,000 in Argentina's sterling exchange resources, moreover, would shatter the railways' hopes of further exchange relief and imperil even the maintenance of the present facilities. The effect of this declaration on the negotiations for the renewal of the "Roca" agreement has yet to be seen; investors, however, can hardly be blamed for adopting a cautious policy at the moment.

Similar warnings have been put plainly before the Argentine railway investor by more than one company chairman. They are the simple embodiment of the proposition that the return on exported capital must be received in the form of goods and services. Meanwhile, investors may be forgiven for showing a certain impatience over the delay which has occurred in enacting the Transport Co-ordination Bill in Argentina. Its delayed consideration in the Senate legislative committee has been further prolonged by the issue of a questionnaire to the interests affected, seeking their opinion of the measure. Since local strikes greeted the consideration of the Bill, British investors may wonder whether the Committee was in any real doubt regarding the state of local opinion on transport co-ordination. The adoption of the measure may be seriously prejudiced by this move. Again, the pooling of receipts is forbidden under a law enacted nearly sixty years ago and the companies have pressed for amending legislation.

At present the market values the best debentures in the group on a 5½-5¾ per cent. yield basis, and even the full-dividend-paying preference stocks of B.A. Great Southern and B.A. Western at well over 8 per cent.:—

Company and Stocks	1929-36		1935		1936 July 15	Current Div. Basis (%)	Yield %
	High	Low	June 30	Dec. 31			
B.A. Great Southern:—							
4% deb.	90	47	81½	74½	74½	4	5 7 5
5% non-cum. pref.	96	28	73	63	58	5	8 18 6
6% non-cum. pref.	112	27	73	53	35½	3	8 9 0
Ordinary.....	110½	19½	23	18	15½	Nil	Nil
B.A. Western:—							
4% deb.	88½	44½	78	64½	68½	4	5 16 10
5% non-cum. pref.	94	35	75	61½	60	5	8 6 8
4½% non-cum. pref.	86½	25	64	36½	35	2½	6 8 7
Ordinary	100½	10	18½	14½	12	Nil	Nil
Central Argentine:—							
4% deb.	82	43½	70½	61	68½	4	5 16 10
5% deb. 1927-28	95½	48	80½	65½	74½	5	6 16 0
4½% non-cum. pref.	79½	18	34½	24½	25½	Nil	Nil
6% cum. conv. pref.	110	18½	32½	24	24	Nil	Nil
Ordinary	100½	7	14	12	9½	Nil	Nil
Deferred	93½	3	7	5	6½	Nil	Nil
B.A. and Pacific:—							
4% 1st deb.	81½	40	75	71½	75	4	5 6 8
4½% 2nd deb.	85½	24	68	63	66½	4½	6 15 4
4½% cons. deb.	85	15	68	63	37	Nil	Nil
5% 1912 deb.	95½	11½	20½	18½	19	Nil	Nil
6% cum. pref.	106½	5½	8½	8½	9½	Nil	Nil
Ordinary	107½	4½	8	8	7½	Nil	Nil

On present tendencies B.A. Western second preference alone seems to have a quotation which does not put a fairly high value on "recovery" possibilities in a depressed group. By comparison, the B.A. Great Southern and Central Argentine preference issues seem fully valued. For the token money speculator, the market, for no fault of its own, has become a hunting ground—but not altogether a happy one.

ADVANCE PARTICULARS

TRINIDAD CONSOLIDATED OILFIELDS LIMITED

The List of Applications will open on
Wednesday, July 22, 1936

FOR AN ISSUE AT PAR OF

400,000 Ordinary Shares of 10s. each

The Prospectus shows (inter alia) that:—

- 1 The Company's proven oil properties of 607 acres are already producing commercially at the rate of 25,000 barrels per month.
- 2 The first year's profits are estimated at 13½ per cent. on the issued capital.
- 3 In addition to the producing areas, which alone form the basis of the profit estimates, there are reserve areas totalling 5,819 acres.
- 4 The entire production from the producing areas has been sold on a three years' contract to Trinidad Leaseholds Limited.

Copies of the Prospectus and Application Forms will be available, on Monday, from:—

BANKERS:

WESTMINSTER BANK LIMITED,

New Issue Department, 9, Old Broad Street,
London, E.C.2, and Branches.

BROKERS:

CREWS & CO.,

30, Throgmorton Street, London, E.C.2

COPPOCK & BRATBY,

65, King Street, Manchester, 2

and Stock
Exchanges.

and from

BRITISH PACIFIC TRUST LIMITED

4, Cleveland Square, St. James's, London, S.W.1

INVESTMENT NOTES

Fixed Trust Portents.—Believers in omens and auguries may read into events on the eve of the publication of the Committee on Fixed Trusts (expected early in August), all the signs of an approaching grand climacteric for the movement. The current revival in the promotion of new trusts, after three months' quietude, may be attributable to a variety of causes. It may reflect the recent modest increase in general stock market activity. Or, possibly, it may be due to a natural and businesslike desire to insure against the possibility of some recommendation for restrictive action in the Report, just as applications for motor licences increased before the imposition of a driving test. However this may be, the past week has seen the announcement of new formations whose features are indubitably portentous. The Domestic Investment Trust is to specialise in the shares of companies associated with "nationally advertised goods"—"B.P.," "Hovis," "Cerebos" and the like. The appeal is obvious and direct but whether its merits, on close analysis, run on pure investment lines is more open to question. Of greater historic interest is the fact that the management is given power, subject to the trustee's veto, to vary the list of underlying securities, not within the limitations of any alternative panel, but by discretionary choice from the entire gamut of securities "of a similar nature" to those of the original unit. Thus, within a mere five years, the movement has gone full circle from fixity to one-hundred-per-cent. management—for the limitations as to the proportion of total resources which may be invested in any single security, etc., imposed on the Domestic Investment Trust, are common form among managed investment trusts. What remains after this process of evolution is the unit formation. This, we ventured to prophesy many months ago, may survive as the movement's peculiar contribution to the technique of investment, long after "fixity," in any shape or form, has been abandoned. The second of this week's new trusts is, as an omen, only slightly less striking. The Bank Insurance and Financial Shares Trust may invest in the securities of 123 concerns, of which no less than ninety-three are investment trusts. It is described, in its publicity literature, as "The Trust of Trusts." Two questions suggest themselves. Is the notoriously un-free investment trust market a suitable venue for fixed trust buying and selling operations? Is there really a sound investment case to be made out for the formation of trusts to hold shares in companies formed to hold shares? "Pyramiding" has obvious disadvantages—the more so as it is improbable that the Board of Trade Committee can have had any concrete case of this tendency in mind when framing their recommendations.

Wall Street Recovers.—During the past week there has been an almost uninterrupted display of strength on Wall Street, and industrial share price indices have recovered the ground lost since they touched their year's high on April 8th. The hesitancy which has characterised the markets during the last few months, despite persistently good business reports, seems definitely to have been overcome. A variety of factors have been advanced from time to time in explanation of the lack of conviction on Wall Street, but all have eventually been exorcised. Party conventions, the activities of the Securities and Exchange Commission, flood and drought, fear of labour troubles in the steel industry, and the menacing uncertainty of Europe—each factor has played a part in helping speculators and investors to ignore the healthy progress of business and to discount the steady pressure of cheap money. During the week the drought has broken, and the labour troubles have been postponed. Public interest has revived, turnover has rapidly increased, and prices are again on the move. Investors are left with the difficult problem of deciding just how far and how long economic recovery may be expected to continue. The opinion has been expressed that American recovery has covered two-fifths of the way from depression to peak, and this may be as reasonable a guess as can be made. Fears that recovery is unsoundly based

upon an uncontrollable inflation are hardly justified so long as the Federal Reserve Board continues its determined efforts to control the monetary position without reversing its cheap money policy, as exemplified by its decision (discussed in a Note on page 120) to raise reserve requirements by 50 per cent. Moreover, the Securities and Exchange Commission maintains a healthy control over the speculative markets, and there still remains a large body of cyclical unemployment. The Presidential election, it is true, draws nearer, but most observers seem to be of the opinion that whatever the outcome, the course of domestic business recovery will not be appreciably disturbed. The moral of this week's recovery on Wall Street may well be that the depression is over, for until this improvement had occurred many observers feared that the recent year-long recovery was too good to be true, and that the retreat from April price levels might continue down to the "lows" of early 1935. That argument, at least, should no longer be tenable.

Alberta and the Investor.—Although positive news of the intentions of the authorities of Alberta and Calgary towards their bondholders has been infrequent recently, the announcement, last week, that a committee has been set up to protect the interests of British holders of Alberta provincial stocks suggests that close watch on the position is being maintained in London. The committee, of which Mr J. Davidson (of the British Empire Trust Company) is chairman, includes representatives of the Insurance and Investment Trust Associations and five members from Stock Exchange houses. It recommends that holders should accept nothing but full payment of interest pending the results of the independent study of the financial position of the Province. The Government, it will be recalled, declined to meet the full interest while the study was in progress. Calgary, which recently threatened to reduce interest rates to 3 per cent., duly met the July coupons, and her stocks have been restored to the Official List. Alberta issues meanwhile, remain unquoted. The Dominion Minister of Finance appears to have abandoned the idea of reforming Western Provincial finance by setting up Loan Councils, for more than one Province would apparently prefer disgrace to subjection to limited Federal supervision. The position of some of the cities presents a special problem, though many municipalities, like Vancouver, have experienced a partial recovery. In cases of dire economic straits, however, bondholders would be willing to consider special temporary arrangements, provided that no attempt was made to enforce a unilateral reduction of interest. But obdurate attempts to impose immediate cuts without consultation will undoubtedly undermine the attempts which Mr Dunning is making towards the rehabilitation of Canadian finance. So far, recent events have had only mixed repercussions upon the credit of the Dominion, but if they are allowed to go unchallenged the London market may ultimately be forced, regretfully but firmly, to award a lower credit rating to certain Canadian bonds than to similar issues in other Dominions.

Sale and Return?—The market has been greatly interested this week by reports—which at present lack official confirmation—which may affect the control, respectively, of Gaumont-British Picture Corporation and Edmundsons Electricity Corporation. Mr Isadore Ostrer, president of the former concern, is at present in New York, and reports suggest that negotiations are in progress affecting the Ostrer interest in the Corporation. Of the five million 10s. ordinary shares in issue, over three millions are held by Metropolis and Bradford Trust, control of which is vested in 10,000 voting shares. Of these, 4,950 are held by the Ostrer interests, 4,950 by Twentieth Century Fox Films, and the balance of 100 shares by the independent chairman, Viscount Lee of Fareham. Reports differ regarding the object of the negotiations, but it was rumoured last week that Loews Incorporated—the controlling interest behind Metro-Goldwyn-Mayer—might obtain a 25 per cent. interest, while Twentieth Century Fox would

be willing to buy the remaining 26 per cent. The shares responded with a sharp rise on these reports, although some speculative purchasers appeared to assume without question that the strategic value of the shares to a large American organisation would provide an index to their intrinsic value. The negotiations may, indeed, have anticipated any attempt at a fusion of interests between Gaumont-British and London Films. Service agreements between the Ostrer interests and the company, however, may affect the course of the present negotiations. New York has also provided the second rumour. Mr Floyd B. Odum, president of the Atlas Corporation, who sailed for this country on Wednesday, is credited with the intention of seeking a purchaser for the British properties of Utilities Power and Light Corporation, which is controlled by Atlas Corporation. Utilities Power and Light (through its Canadian subsidiary of similar name) which in turn controls Greater London and Counties Trust, which holds 73 per cent. of the £3,740,000 ordinary capital of Edmundsons Electricity Corporation. This controlling interest has existed since 1928. In the following year a capital bonus of 150 per cent. was declared. The gross ordinary dividends have increased 7½ times during the period from £40,000 to £299,200. The repatriation of this important interest, if it were negotiated, would clearly yield a handsome profit to the holders. But would not the Treasury, through the Foreign Transactions (Advisory) Committee, have something to say?

Actuaries' Investment Index.—The much firmer tone of most sections of the market is reflected in the first substantial increase in the Actuaries' Industrial Index of 178 industries equities since the week ending June 23rd. This week's price index works out at 83.5, compared with 83.0 a week ago, and 82.4 a month ago (December 31, 1928 = 100). The yields are 3.75 per cent. this week, 3.78 per cent. last week, and 3.78 per cent. a month ago. Prices and yields of various sub-groups are shown below:—

Group (and No. of Companies)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month Ago (June 16)	Week Ago (July 7)	This Week (July 14)	Month Ago (June 16)	Week Ago (July 7)	This Week (July 14)
Higher this week:—						
Building Materials (5)...	101.2	101.5	102.8	4.78	4.75	4.70
Cotton (6)	36.4	36.3	37.7	2.23	2.24	2.23
Iron and Steel (12)	69.8	72.3	74.8	3.97	4.08	3.97
Motors (5)	55.2	56.7	57.7	4.28	4.17	4.12
Home Rails (4)	67.3	66.1	68.2	1.57	1.62	1.60
Lower this week:—						
Oil (5)	83.4	82.1	80.5	3.07	3.38	3.34
Stores & Catering (20)	86.4	87.1	85.8	3.60	3.60	3.64

The backbone of the recovery is seen to be in the iron and steel section, which has been officially blessed as the successor to the building group. A decline in the price index of the oil group for the third week in succession shows the continued relapse of speculative activity in this market. Prices have declined in a few sections, the most notable being the stores and catering group, which has reacted on the recent International Tea report.

COMPANY NOTES

Jute Manufacturing Companies.—The jute manufacturing industry is at present subject to two opposing influences—the improved manufacturing efficiency of individual works and failure to control the Calcutta mills output. The improvement in efficiency is shown not only by the leading chairmen's speeches in this country and India, but also by the Census of Production and the Import Duties census for 1933 and 1934. Between 1924 and 1930 the industry suffered a sweeping reduction in the value of its gross output, from £14,206,000 to £9,605,000. This fall was only partially offset by the decline in raw material prices, and involved a reduction in net output from £4,390,000 to £2,640,000. After 1930 gross output continued to fall, being no higher than £7,623,000 for

FIRST PROVINCIAL "RESERVES" UNIT

comprises 50 leading securities,
all chosen because of their
strong "RESERVES" position.

List of Securities:

Imperial Tobacco Ordinary
British-American Tobacco Ordinary
Carreras "A" Ordinary
Commercial Union Assurance
City of London Real Prop. Ordinary
London County Freehold & Leasehold Prop. Ordinary
London Brick & Forsters Ordinary
Allied Ironfounders Ordinary
Bolsover Colliery Ordinary
Powell Duffryn Ordinary
Wm. Cory Ordinary
Whitehead Iron & Steel £1 Shares
Imperial Continental Gas Capital Stock
Victoria Falls & Transvaal Power Ordinary
Whitehall Elec. 7½% Cum. Pref.
Atlas Electric 7% Cum. Pref.
Great Universal Stores Ordinary
Montague Burton 7% Cum. Pref.
Maypole Dairy 20% Cum. Pref. Ordinary
Woolworths Ordinary
Selfridges 10% Cum. Pref. Ordinary
Allied Newspapers 8% Cum. Pref.
Associated Newspapers Deferred
Odham's Press Ordinary
Daily Mirror Ordinary
"Shell" Transport Ordinary
Apex (Trinidad) Oilfields
Venezuelan Oil Concessions Ordinary
Manbré & Garton Deferred
Spillers Deferred Ordinary
Tate & Lyle Ordinary
Union Cold Storage 10% "A" Cum. Pref.
Unilever (N.V.) 7% Cum. Pref.
Colmans Ordinary
Beechams Pills 8% Cum. Part. Preferred
Imperial Chemical Ordinary
Sub Nigel, Ltd.
New State Areas
Nourse Mines Ltd.
Government Gold Mining Areas
Robinson Deep "B"
Austin Motor 20% Pref. Ordinary
Thomas Tilling Ordinary
J. & P. Coast Ordinary
Courtaulds Ordinary
Dunlop Rubber 10% Cum. "C" Pref.
Assoc. British Pictures Corp. Ordinary
W. & T. Avery Ordinary
Amalgamated Dental 8% Cum. Pref.
Van den Berghs 15% Pref. Ordinary

These investments form the basis of a whole Unit. This Unit is divided into 8,000 parts, called Sub-Units. At a price of 18/6 per Sub-Unit based on dividends and recurring bonuses paid during the 12 months ended 1st February, 1936, on the stocks and shares comprising this Unit, the yield was as follows:

from cash dividends] £4 - 16 - 5
from recurring bonuses 10
plus proceeds from sale of actual
bonuses and rights to be dis-
tributed this half year 19 - 9

Custodian Trustees:

MIDLAND BANK EXECUTOR & TRUSTEE CO. LTD.



Sub-Units can be purchased through any branch of the Midland Bank Ltd. (and in Scotland through the Clydesdale Bank Ltd., or the North of Scotland Bank Ltd.), on the terms and conditions set out in the booklet, or direct from

Managers of the Trust:

FIRST PROVINCIAL FIXED TRUST LTD.
21 Spring Gardens, Manchester, 2

Telephone: DEAnsgate 3056

MEMBERS OF THE ASSOCIATION OF FIXED & FLEXIBLE TRUST MANAGERS

1934, but net output increased to £2,966,000 for that year—a larger figure than for 1930, despite the continued fall in the gross value. Similarly, the output per person employed has increased considerably since 1930, following the installation of modern equipment. The recovery in the profits of Jute Industries between 1932 and 1934 illustrates the effects of rising efficiency. The general economic circumstances of the trade, however, have since deteriorated sharply. The Indian Jute Manufacturers' Association had regulated production throughout the post-war period, either by restricting working hours or by sealing looms. In course of time, however, a substantial number of mills were established in Calcutta which, being outside the Association, made profits by working unhampered by restrictions on hours or machinery. Last year, these outside firms had become a serious menace to the industry, and efforts were made to obtain Government support for output control. This attempt failed, and the Association therefore allowed their members to work the full 54 hours a week (instead of 40 hours) and to unseal all looms. The increase in the output of manufactured jute goods has coincided with a period of restricted raw jute planting, which, until recently, has tended to increase raw jute prices. In consequence,

capital of Edward Lloyd Investment at par, bringing the total purchase price to £1,000,000, and will give notice to redeem £3,000,000 4½ per cent. debenture stock of the Investment Company at £104. The authorised capital of Bowater's Paper Mills is to be increased by creating 500,000 6½ per cent. cumulative preference shares, 700,000 7½ per cent. cumulative participating preference shares, and 500,000 ordinary shares. The debenture redemption will be partly financed by the issue of 2,000,000 Edward Lloyd Investment Company 5 per cent. £1 cumulative preference shares. All the new 7½ per cent. Bowater's preference shares are to be offered at a premium to the public, while all the new ordinary shares will be offered at a premium to the existing ordinary shareholders, share for share, on bonus terms. Of the new 6½ per cent. preference issue, £250,000 is to be placed privately at a premium. Holders of the 4½ per cent. Investment Company debentures, which are guaranteed by Allied Newspapers, are to be invited to exchange into the new 5 per cent. preference shares, which are redeemable and without guarantee.

The effect of these transactions upon the capital structure of the three companies, and their relation to present earnings, is shown in the following table:—

(Profits in £'000—except Champdany Rs. '000)

	1930	1931	1932	1933	1934	1935	1936
Barnagore (March 31):							
Earned for ord.	129.9	Dr. 7.2	Dr. 42.3	Dr. 18.6	31.0	33.7	34.7
Earned %	50.8	Nil	Nil	Nil	11.6	12.3	12.7
Div. %	35	5	Nil	5	10	12½	12½
Champdany* (Mar. 31):							
Earned for div.	10.85.3	Dr. 1.99.1	Dr. 36.1	36.8	3.75.5	4.50.0	4.71.1
Earned %	18.3	Nil	Nil	0.6	6.3	7.6	7.9
Div. %	15	3	3	3	6	10	8½
Jute Industries (Sept. 30):							
Earned for pref.	Dr. 36.5	Dr. 8.0	2.4	22.5	95.3	49.7	...
No pref. div. paid until 31.12.35.							
Samnugger (Dec. 31):							
Earned for ord.	Dr. 47.0	72.1	53.2	88.0	68.4	48.2	...
Earned %	Nil	16.0	10.3	16.8	12.9	9.2	...
Div. %	25	20	12½	15	15	10	...
Titaghur (Dec. 31):							
Earned for ord.	Dr. 55.3	65.4	46.4	79.9	63.7	62.3	...
Earned %	Nil	14.5	9.1	15.2	12.0	11.9	...
Div. %	25	20	12½	15	15	10	...
Victoria (Dec. 31):							
Earned for ord.	Dr. 25.8	40.7	33.8	54.1	51.8	42.7	...
Earned %	Nil	13.6	9.9	15.5	14.6	12.2	...
Div. %	25	20	12½	15	15	10	...

* In '000 rupees for full year (i.e. two half-yearly figures added together in each case).

the manufacturers' margin has been reduced. Though the Calcutta mills do not produce a high proportion of jute goods directly competitive with Dundee, there is sufficient overlap for Dundee to be seriously affected by conditions in India. The British industry still relies on export markets for about a quarter of its output, and has to face Indian competition there. Even in the home market, the rise in imports of jute piece-goods from 31,804,000 square yards in the first six months of 1935 to 72,291,000 square yards in the first six months of this year shows the effect of Indian competition. The present annual rate of imports of approximately 145 million square yards per annum far exceeds the total United Kingdom output of jute piece-goods in 1934 of 394,362 square yards. The Indian manufacturers may, ultimately, be able to restore order in their trade. It is also possible that an increasing world demand for jute which is now showing itself may absorb much of the excess output. The matters, however, are uncertain for the present, and jute manufacturing shares appear to lack attraction.

Bowater-Lloyd Merger.—It was announced at the end of last week that Bowater's Paper Mills, Ltd., had agreed to purchase at par the 830,890 ordinary shares of the Edward Lloyd Investment Company at present held by Allied Newspapers. The Investment Company owns the entire ordinary share capital of Edward Lloyd, Ltd. The purchase will thus give Bowater's control of Edward Lloyd and will consolidate the two largest newsprint manufacturers in Europe, which produce more than 60 per cent. of the newsprint manufactured in this country. It is anticipated that Bowater's will acquire the remaining ordinary

CAPITAL STRUCTURE
(Note: All shares of £1 denomination).

	Present issued capital	Annual interest or fixed dividend charges	Revised capital	Annual interest or fixed dividend charges
Bowater's Paper Mills:				
1,000,000 4½% debts.	45,000	8	1,000,000 4½% debts.	45,000
500,000 6½% cum. pref.	32,500	750,000 8½% cum. pref.	48,750	
300,000 7½% cum. part. pf.	22,500	1,000,000 7½% cum. part. pf.	75,000	
500,000 ordinary	...	1,000,000 ordinary	...	
	100,000		168,750	
Edward Lloyd Investment:				
3,000,000 4½% gtd. debts.	135,000	2,000,000 5% red. cum. pf.	100,000	
1,000,000 ordinary	...	2,000,000 ordinary	...	
	135,000		100,000	
Edward Lloyd:				
1,200,000 7% cum. pref.	84,000	1,200,000 7% cum. pref.	84,000	
1,000,000 8½% cum. pref.	55,000	1,000,000 8½% cum. pref.	55,000	
1,600,000 ordinary	...	1,600,000 ordinary	...	
	139,000		139,000	

* 83% owned by Allied Newspapers. † All owned by Edward Lloyd Investment.

DECLARED EARNINGS OF THE COMBINED COMPANIES

Year	Bowater's to Sept. 30th (a)	Edward Lloyd to Dec. 31st (b)	Combined
1931	108,210	321,250	429,460
1932	132,259	349,809	482,068
1933	142,527	288,494	431,021
1934	91,062	195,154	286,216
1935	136,768	250,036	386,804

(a) Trading profit, less directors' fees, capital reserve and depreciation fund. (b) Profit, after charging interest on loans, depreciation, income tax, etc.

The combined earnings shown above should be increased for comparison with the prior charges by the amounts provided for income tax. These would probably raise the 1935 figure to not far short of £500,000, compared with combined prior charges of around £400,000. A more accurate estimate of the position must await the publication of the prospectus shortly. One of the advantages of the scheme which will be stressed is the economy which may be made possible in the operation of the companies' mills, and in transport of supplies to customers. Allied Newspapers do very well out of the transaction and will receive £830,000 in cash with which to strengthen their already strong liquid position. Newspaper shareholders will hope that this supply of ammunition will not be used to embark upon a circulation war among London evening newspapers, which is already being rumoured.

Richard Thomas Meeting.—Investors will welcome the detailed statement of the progress of the Richard Thomas undertaking given by Sir William Firth last Wednesday. It provided optimism controlled by frankness. The past year was not satisfactory at Redbourn, where out-of-

date melting shop practice and old-type coke ovens resulted in higher costs compared with modern practice. These matters will be rectified. Export demand for tinplates was disappointing, and this section is still working at 62½ per cent. of capacity. Profits on sheets were disappointing, but here Belgium has increased prices from £1 to £2 per ton, a Continental Sheet Cartel is about to be formed, and expansion in the home motor and furniture trade is anticipated. On the marketing side, Sir William's review thus confirmed the impression that the outlook has improved. The investor, however, will pay even closer attention to the important changes in productive organisation which are in prospect. In this connection, the improvements at Redbourn are of secondary importance. The Ebbw Vale project will clearly be the main factor to determine the fortunes of the company for the next few years. A basic Bessemer and open hearth steel plant, together with a modern wide strip mill will be erected on the site of the old Ebbw Vale works. The mill will have a capacity of 300,000 to 450,000 tons per annum, and production costs are expected to be extremely low. The chairman spoke with some enthusiasm of the prospects of the new plant. It is proposed to issue 4,500,000 6s. 8d. ordinary shares in the autumn, on "rights" terms, which will still yield a premium. The existing £1,246,022 debentures will be redeemed a year hence, and the balance of the cost of erecting the new plant raised later. Earnings on the existing ordinary shares may be affected, for a time, by the proposals—as the present quotation of 13s. 9d. recognises—but the ultimate prospects of the new plant seem undoubtedly favourable.

National Coke and Oil Prospectus.—In October last year the Chancellor of the Exchequer addressed a letter to the Stock Exchange Committee, and others, offering the facilities of the Government Research organisations for investigating and reporting upon new scientific processes which might form the basis of a public issue. The prospectus of this company, which operates a coal distillation process, contains no reference to such a report. From information circulated by the company this week it appears that the company's patent agents have advised against a public report, on the grounds of secrecy. Since, however, the Fuel Research Board has stated the conditions under which it is willing to carry out tests—which are apparently limited to the general character and results of operating such plants—the omission seems regrettable, although the process is attested by experts with high scientific qualification in reports circulated with the prospectus, which are adopted in the report of the general manager on the working of the plant. The company, it is stated, commenced commercial operations in 1935, and subscribers would therefore have welcomed some information regarding the trading results of, say, the past six months. Such figures would usefully have supplemented the estimated net trading profit of 18s. 9d. per ton of coal processed, which is given by the general manager.

Building Material Company Results.—The market has recently recognised the persistence of a high level of building activity, particularly on the commercial side, by giving greater attention to leading cement shares. While the latest results of a number of building materials' suppliers throw little light on the trend of profits in the group as a whole, they illustrate the need for a selective investment policy. The profits of *Plaster Board* were announced some time ago, and the full accounts have been followed by an encouraging speech from the chair this week. During the past two years the company has acquired a number of concerns, but in future it is unlikely to interest itself in further amalgamations. With the acquisition of the Peter Ford group, the company has absorbed the only established concern outside the group. Little more than a year ago five important concerns were engaged in price cutting; to-day all come under British Plaster Board's wing. This rapid consolidation of its gypsum plaster interests has involved an increase in ordinary capital from £100,000 in April, 1933, to nearly

Assets of the CANADA LIFE Assurance Co.

increased by over
£1,300,000
during 1935

SUMMARY OF REPORT FOR 1935

Assets	£51,143,652
(an increase of £1,343,128 over 1934)	
New Life Business (Net)	£8,809,796
Premium Income	£4,521,610
Interest	£2,065,688
Annuity Purchase Money	£1,116,200
Surplus earned during year	£1,042,615

The Company paid during the year to Policy Holders, Annuitants and Beneficiaries the sum of £5,656,218.

89 YEARS OF SAFETY AND STABILITY
the Traditional Policy of the
CANADA LIFE ASSURANCE CO.

ESTABLISHED 1847
Incorporated in Canada as a Limited Liability Company
2 St. James's Square, London, S.W.1
W. P. BRAUND, Manager

£700,000. *Eastwoods Flettons*, whose issued capital of £200,000 has the remarkable gearing of £190,000 in 8 per cent. participating preferred ordinary shares and £10,000 in rs. deferred shares, has reported a satisfactory increase in profits during the latest year, but the rise in *Eastwoods*

Company (and Date of Accounts)	Total Profits	Earned for Ordinary	Earned	Paid	Ord. Shares (and Denomination)	Yield
	£	£	%	%		% s. d.
British Plaster Board (Apr. 30):						
1934	100,387	85,975	46.9	30	} (5/-) 48/-	5 4 9
1935	139,000	126,810	50.5	40		
1936	411,931	302,424	60.5	50		
Eastwoods Cement (Mar. 31):						
1934	32,511	18,707	9.9	7½	} (£1) 55/-xd	5 16 0
1935	50,677	29,753	14.9	15		
1936	52,282	36,277	18.8	16		
Eastwoods Flettons (Mar. 31):						
1934	56,661	40,283	...	133½	} (1/-) 16/-	6 5 0†
1935	65,892	42,041	...	166½		
1936	78,382	53,106	...	200½		
Hollychrome Bricks (May 31):						
1935	22,624	19,124	20.8	5½	} (5/-) 8/3	9 2 0
1936	23,280	21,480	21.0	15		
Yorkshire Brick (Mar. 31):						
1934	38,922	27,026	18.2	12½	} (5/-) 3/6	7 2 0
1935	58,898	36,164	17.8	12½		
1936	32,149	14,630*	7.3*	5		

† Earned for preferred and deferred ordinary shares. ‡ Paid on ls. deferred shares.
* Before charging £20,000 investment reserve.

Cement profits seems moderate in the light of the progressive interim report issued last February. *Hollychrome Brick* earnings show a small increase, and the dividend of 15 per cent. is satisfactory. *Yorkshire Brick*, however, has suffered a severe setback, whose causes were frankly set out in the chairman's recent speech. The company had spread its interests geographically in order to eliminate local fluctuations in business. Its Metropolitan Brick subsidiary, however, encountered serious technical difficulties

in operating both of the mass-production plants, which were attributed to peculiarities of the raw materials. A sum of £20,000 has been provided against investment depreciation, and, as a technical *pis aller*, the large new plants of Metropolitan Brick have been turned over to the production of facing bricks. The accompanying table of profits and share yields shows that the market is valuing these building trade equities—particularly the brick shares—on a commendably cautious long-term basis, although (as Mr Runciman has pointed out this week) there is no sign of an immediate decline in building activity.

* * *

Consolidated Tin Smelters.—During the year to June 30th, dividends from subsidiaries increased by £18,764 to £268,953, comparing with an increase during the previous year from £180,044 to £250,189. Since world tin production rose from 119,596 tons for the year to April, 1935, to 147,100 tons for the succeeding twelve months, better results might have been expected. Full benefit, however, was not derived from the increase in permitted output owing to the failure of Bolivia to produce her full quota. After writing down the value of holdings in subsidiaries by £25,000 for the fourth successive year, the amount earned for the ordinary shares is £158,918 (equivalent to 10.4 per cent.) as against £132,163 (8.5 per cent.) for the previous year. The ordinary dividend has been maintained at 7 per cent. and as in 1935 £50,000 is transferred to general reserve, while the carry forward at £96,136 is £6,689 more than the amount brought in. The principal changes in the balance sheet are the increase in cash from £569,000 to £886,000; and a further large reduction in the amounts due from subsidiaries. The latest balance sheet shows a net amount of £179,000 due to subsidiaries, compared with £28,000 net due from them at the end of the previous year.

* * *

Other Company Results.—Our usual table on page 148 of this issue contains the results of some fifty companies, as many as eighteen reports out of the total being issued by rubber companies. In the heavy industry group, *Darlington and Simpson Rolling Mills* reports a profit of £42,649 and pays a 5 per cent. ordinary dividend. Among industrial concerns, *Falk, Stadelmann* have increased their profits from £104,370 to £111,052, the dividend being raised from 8½ to 10 per cent. *Booth's Distilleries* reports a substantial increase in profits from £65,696 to £107,863, but maintains the ordinary dividend at 7½ per cent. *W. Barratt and Company*, the shoe manufacturers, show a slight rise in profits at £132,640 and again pay 10 per cent. on the ordinary shares. The net revenues of *City of London Brewery Investment* are somewhat higher at £188,795; the transfer of the Nalder and Collyer interests to Ind Coope and Allsopp, it is pointed out, took place after the accounts had been closed. The income from this source will not be greatly affected, but a large capital increase will accrue to City of London Brewery. Among the rubber companies which report reduced earnings are *Bertam Consolidated*, *Bukit Rajah*, *North Hummock*, and *Port Dickson-Lukul*. In the tea group, *Jokai (Assam)* reports a large increase in profits from £20,411 to £86,686, the dividend being raised from 2½ to 12½ per cent. *Nigerian Electricity* has enjoyed a better year owing to freer tin production, and profits have increased from £24,909 to £34,335, permitting the raising of the dividend to 4½ per cent.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Richard Thomas and Company, Powell Duffryn Associated Collieries, International Tea Stores, Trustees Corporation, Covent Garden Properties, Estates Control, South African Breweries, Anglo-Australian Gold Development, South African Torbanite Mining and Refining, Great Boulder Proprietary Gold Mines and Chosen

Corporation. Sir William Firth's address at the Richard Thomas meeting is discussed on page 126. At the Powell Duffryn Associated Collieries meeting, the chairman declared that the situation in South Wales was a national problem, and that practical assistance should be looked for from the Government. Mr Collier, at the International Tea Store's meeting, ascribed the failure to earn higher profits entirely to severe competition. At the Trustees Corporation meeting, the chairman reported that the valuation of investments showed that capital, reserves and carry-forward were covered by a substantial margin. Mr Philip Hill, at the Covent Garden Properties meeting, said that a considerable saving in interest charges would result from the debenture stock conversion. At the South African Breweries meeting, the chairman reported that the new "Golden Pilsener" beer had proved a great success. Mr Claude de Bernales, at the Great Boulder Proprietary Gold Mines meeting, recommended the expediting of development and increased capacity of the treatment plant to 25,000 tons a month. At the Chosen Corporation meeting, the chairman discussed the reasons for postponing a full report to the shareholders until the close of the financial year. Lord Luke, discussing meat subsidies at the Estates Control meeting, considered the possibilities of food production in this country. At the South African Torbanite Mining and Refining meeting, the chairman said it was estimated that by 1937 50 per cent. of the refinery's requirements would be supplied from torbanite oil. The managing director of Anglo-Australian Gold Development reported that after personal inspection of the Yellowdine mine he was well satisfied with its possibilities.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET JULY 21	ACCOUNT JULY 23
-------------------	--------------------

UNLIKE Wall Street, London has not yet restored prices to the "highs" recorded earlier this year, but further progress has been made this week towards this objective. The marked improvement in business which was recorded at the close of last week was maintained, and for the first time in recent weeks there was a sizable Monday post-bag, swelled by confident interpretations of the Supplementary Estimates and the Anglo-German agreement. The hunt in the armament group began at a smart pace which could not be sustained. This group has provided the keynote for the week's dealings, which have shown a very selective character. Mr Runciman's optimism and the disappointing June trade figures cancelled out as market factors, and there was no company news of sufficient importance to distract the market's attention from the armament programme—and no inclination to consider its financing.

Firmer conditions ruled in the gilt-edged market this week, and welcome support was received from the £17 millions repayment of India 5½ per cent. stock. In mid-week, prices were satisfactorily maintained. Indian issues improved on this disbursement, and some home corporation scrips showed fractional improvements. In the Dominion list, Australian loans received early support at steady prices. European bonds were variously affected by news of the Austro-German agreement. German bonds made a few hesitant advances, but showed no very appreciable gains; but Austrian loans, on the other hand, were bought at higher prices. On consideration of possible consequences to third parties, Czechoslovakia and Prague bonds lost ground. Fears of a disappointing response to the French baby-bond issue led to a reduction in Renten. Chinese Customs loans recovered on statements suggesting a diminution of smuggling. In the South American section, Brazilian bonds were brightest, though Argentine loans were reasonably cheerful on the good revenue figures.

The home rail market was at first willing to be fed on hopes of a voluntary wages settlement, and brisker activity

and better prices developed, by no means confined to ordinary stocks. The negligible traffics "plus" of £6,000 disappointed market expectation, and a general reaction set in. London Transport "C" stock declined owing to nervousness regarding the dividend outlook. Foreign rails provided no movements of importance. Argentine issues were inclined to ease on the wheat situation, but selling pressure was never strong.

Although the volume of business in the industrial markets has been modest, prices have risen in many sections, primarily under the influence of continued Government blessings for the re-armament industries. Buying in the non-armament groups has been selective, but in the iron and steel group an increase in prices seems to be the order of the day, and most profit-taking sales were rapidly absorbed. Lloyds' shipbuilding return brought further stimulus to the steel group and to John Brown, Cammell Lairds and Harland and Wolff issues. The only reaction of importance in iron and steel shares was the easing of quotations for Richard Thomas, on the proposed new issue. Aviation issues have been firm, with Hawker shares in good demand following the meeting, although prices became slightly irregular toward the end of the account. Dennis Motor have been prominent in the motor group.

Electrical equipment issues have not been in much demand, and Crompton Parkinson have been soft most of the week. The new telephone concessions have diverted attention to the telephone manufacturing concerns, among which Ericssons have been in the lead. Quite a cheerful tone has been evident in the textile section, due to reports of increasing business activity, and many quotations have made slight improvements. Rayon shares have been quiet, with small but irregular price changes. Woolworth have registered a slight gain over the week on good trading reports. The brewery section was quiet most of the week, but improved slightly on Thursday, and, among the tobacco issues, Gallagher were bought on rumours of intention to purchase another business. International Tea reacted on the chairman's remarks at the meeting.

Business has been rather idle in the miscellaneous industrial section, but several features have been prominent. Triplex shares attracted a good demand on the prospect of a share bonus in addition to an increased dividend, and many of the small engineering issues continued to share in the demand for armament shares. British Oxygen have been weak, but Turner and Newall improved on dividend hopes. Bowaters Paper Mills gained slightly on the interim dividend, and Allied Newspapers were bought in the hope of increased dividends as a result of the sale to Bowaters of control in Edward Lloyd's Investment Company. Spillers deferred were actively supported in anticipation of benefits from the drought in America through its effect upon the wheat situation.

The oil shares market started the week very quietly, but business improved as the week progressed. Mexican Eagle were temporarily depressed by news of a strike in Vera Cruz, but a fair investment demand developed for Shell, Burmah and Anglo-Iranian issues, and a number of purchases were made by investment trusts. Apex Trinidad improved notably in mid-week. The rubber shares market has been dull, and with the commodity weakening slightly there is no sign of improvement. The tea share market has been steady, though stagnant.

The week opened erratically in the Kafir market, and prices of recent favourites lost considerable ground. Conditions improved slightly later, with New Central Witwatersrand shares a prominent feature. There was fair support from the Cape for several issues, particularly West Springs, and the finance descriptions were in demand. But in mid-week there was a fairly general reaction, encouraged by profit-taking from the Cape, and the approach of the end of the account, although West Springs were able to hold their ground. Business was dull in the West African section, in spite of some excellent progress reports, and in mid-week South Banket issues were the only bright feature. There was very little business in the Rhodesian copper issues, and prices were inclined to ease. At the beginning of the week there were signs of improvement in the tin shares market, but later prices weakened all round in sympathy with the commodity.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to July 10, 1936	July 9, 1936	July 10, 1936	July 13, 1936	July 14, 1936	July 15, 1936	July 16, 1936
Government and Municipal Loans	5,890	1,083	1,130	1,274	1,051	1,089	991
Transport, Com- munications, and Public Utilities	4,735	887	911	909	1,012	840	814
Commercial and Industrial*	23,228	4,436	4,859	4,628	4,904	4,270	4,850
Banks, Insurance and Financial ...	2,954	470	711	523	459	370	434
Mines (including Nitrate)	7,371	1,347	1,535	1,035	1,607	1,310	1,582
Oil	1,014	208	161	161	189	162	175
Rubber, Tea and Coffee	2,177	313	374	269	274	265	279
Total	47,367	8,744	9,681	8,797	9,496	8,306	9,125
Corresponding day in 1935	...	8,180	8,554	8,676	8,193	8,884	8,342

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	July 9, 1936	July 10, 1936	July 13, 1936	July 14, 1936	July 15, 1936	July 16, 1936
114.5	107.4	111.9	112.4	112.7	112.7	113.1	113.1

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1936 (Feb. 19)	Lowest of 1936 (June 26)	July 9, 1936	July 10, 1936	July 13, 1936	July 14, 1936	July 15, 1936	July 16, 1936
138.4	136.2	136.4	136.4	136.5	136.6	136.7	136.8

FOREIGN STOCK EXCHANGES

NEW YORK

TRADING on Wall Street closed at the end of last week in very good form, with turnover higher than for many weeks. Operators could no longer resist the pressure of excellent business reports, and were encouraged by the reduced tension in the steel industry labour dispute, and by signs of breaking drought. Improving dividends and second quarter earnings reported by several companies maintained the level of interest this week, and substantial gains were made by many prominent issues, such as Union Carbide, and Westinghouse Electric. Farm implement shares recovered with the fall of rain, and there was a marked jump in railroads, influenced by a remarkably sharp rise on a very small transaction in Norfolk and Western. The Utility group is beginning to be safely past the worst, and is shaking off the fear of intervention. Some profit-taking was precipitated by the Federal Reserve Board's 50 per cent. increase in member bank margin requirements, but the market did not suffer greatly, and closed higher on balance. In the bond market, Government issues are holding their ground well, and there is strong support for speculative issues. *Iron Age* estimates steel mill activity at 69 per cent. of capacity, compared with 70 per cent. last week, and reports that demand for most products is much more active than had been anticipated for mid-summer. Electricity production for the first week of July was 18.2 per cent. higher than for the corresponding week of 1935. The drought continues to exert its influence on the wheat market. Estimates of retail sales show substantial increases over last year throughout the country.

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	July 8, 1936	July 15, 1936	July 15, 1936	July 8, 1936	July 15, 1936	July 15, 1936
	1936	1936	Eng. Equiv.†	1936	1936	Eng. Equiv.†
U.S. 2½% Treas. Bds. 1945-47	103½	103½	107½	Natl. Biscuit	33½	33½
Atchafalpa	74	81½	81½	Phelps Dodge	32½	35½
Erle	12½	13½	13½	Pullman	45½	48½
Illinois Central	21	23½	23½	Sears Roebuck	72½	79
N.Y. Central	35½	35½	35½	Un. Fruit	77½	79
Pennsylvania	32	35½	35½	U.S. Leather	6½	6½
Southern Pacific	32½	36½	36½	U.S. Rubber	27½	27½
Southern Ry.	15½	17½	17½	U.S. Steel	57½	62½
Union Pacific	124½	128½	127½	Westinghouse	121½	133½
				Woolworth	52½	53½
Am. Can.	132½	136	135½			
Amer. Smelting	76½	82½	82½	Am. Tel. and Tlg.	167	170½
Anacosta	34	37½	37½	Int. Tel. & Teleg.	13½	14½
Bethlehem Steel	48½	53	52½	Utilities P. & L.	4½	5
Chrysler Motor	110½	115½	115½	W. Union Tlg.	83½	88
Corn Products Rf.	72½	75½	74½			
Eastman Kodak	168½	171½	170½			
Gen. Electric	38	40	39½			
Gen. Motors	67	69½	69½	Shell Union	17½	18
Int. Harvester	79½	83½	83½	Std. California	36½	38½
Mont. Ward	42½	44½	44½	Do., N.J.	58½	63½

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

	1935	1936	1936	1936	1936	1936	1936	1936
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
	Mar. 20	Dec. 31	Apr. 29	Apr. 8	Jan. 1 to July 15	Jan. 1 to July 15	Jan. 1 to July 15	Jan. 1 to July 15
351 Industrials	74.5(1)	112.3	112.7	127.1(2)	112.8	121.6	121.0	126.3
38 Rails	27.4	43.0(w)	42.8	52.7(1)	41.8	48.3	48.7	52.7
37 Utilities	52.2	93.6	91.2	108.1(1)	93.6	102.5	104.0	108.1
Total, 421 Stocks	63.1	97.7	97.7	111.2	97.7	106.5	106.4	111.2
Average yield of 50 Industrial Common Stocks	3.02% (a)	4.06% (b)	High 3.80% (c)	Low 2.95% (d)	3.22% (e)	3.45% (f)	3.48% (g)	3.20% (h)

(b) July 15th. (c) April 29th. (d) April 8th. (e) March 13th. (f) November 13th. (g) December 4th. (h) December 4th.

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

Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	July 8, 1936	July 9, 1936	July 10, 1936	July 11, 1936	July 13, 1936	July 14, 1936	July 15, 1936
147.6	126.2	130.8	141.6	144.4	144.9	145.0	146.5	146.5

TOTAL DEALINGS IN NEW YORK

	July 9, 1936	July 10, 1936	July 11, 1936	July 13, 1936	July 14, 1936	July 15, 1936
Stock Exchange—Shares (Thous.)	1,290	1,690	870	1,420	1,680	1,980
Bonds (Value Thous. \$)	11,490	11,130	5,610	10,460	13,560	20,680
Curb—Shares (Thous.)	350	416	231	306	379	406

* Two-Hour Session.

PARIS

Although on the whole the news both of the terms of the "baby" bond issue and of the reduction in the Bank rate to 3 per cent. was well received and produced advances in Renten and in Treasury bonds, there was a complete absence of excitement in the markets this week. This comparative calm could not be attributed to rumours of disappointing public response to the issue, for they lacked confirmation, and in any case could not carry much weight at this early stage. At the end of last week the Bourse, being on the eve of closing down until Wednesday for the July 14th holidays, appeared to be disinclined to take hasty action, and preferred to wait for the resumption of business. Yet, after the holiday, the market showed less inclination to make up for lost time than to postpone action still further till next week. The general tone was listless, Bank of France lost ground, and Renten fell by amounts of about 1 franc. The chief event this week was the announcement on Wednesday that quotations for Bank of France shares would be suspended until the Reform Bill is finally passed.

	July 8, 1936	July 13, 1936	July 15, 1936	July 8, 1936	July 13, 1936	July 15, 1936
Banque de France	6,585	6,370	6,100	Wagons Lits	42	41½
Crédit Lyonnais	1,270	1,261	1,180	Mexican Eagle	84	84
Suez Canal	19,830	19,895	19,700	"Chartered"	108½	110½
Chargeurs Réunis	213	209	198	Ford	37½	38
Rio Tinto	1,029	1,040	1,029	De Beers	645	650
Royal Dutch	27,800	28,825	28,800	"Johnnies"	310	312

BERLIN

A recovery at the end of last week followed some earlier selling, particularly of foreign-currency issues. Steel shares, including Stahlverein, Rheinstahl, Kloeckner, Hoesch and

Mannesmann, were heavily bought, gaining between two and four points on the week. Paper-pulp and shipping issues also rose, but other industrials were little changed. The market opened firm this week, with occasional reaction, and steel issues made further progress. Farbenindustrie, leading lignite issues and public utilities were in demand, and Deutsche-Asiatische Bank continued its rapid rise. Home bonds, after suffering from the effects of the Reich loan issue last week, became steadier towards the close, but industrial bonds this week were easier. In the dollar bond list, declines of four and two points respectively were registered by certificated Dawes and Young loans.

	July 8, 1936	July 13, 1936	July 15, 1936	July 8, 1936	July 13, 1936	July 15, 1936
Reichsbank	197.25	197.00	197.00	A. E. G.	37.40	37.10
D.D. Bank	97.25	97.50	98.50			
Dresdner	97.25	97.75	98.50	Siemens & Halske	204.00	202.00
L.G. Farbenindustrie	168.10	168.75	171.25	A. K. U.	53.00	53.00
Norddeutscher Lloyd (New)	15.50	14.25	16.00	Hamburg-Amer.	14.50	13.40

AMSTERDAM

The market was apparently anxious to make amends for its past lack of enthusiasm, for during the earlier part of this week, in the commodity sections at any rate, conditions have been considerably brighter, in spite of occasional irregularity and profit-taking reactions. Interest has been awakened in sugar issues, which have for some time been out of the limelight, tobacco shares have continued strong, and a fresh high was recorded in Amsterdam Rubber. Though the Bourse recently has been accustomed, when business has been particularly dull, to turn to the commodity sections for inspiration, a slight improvement now seems to be more general. Unilever provided an outstanding feature on the Government's announcement that it would support the margarine industry, and reached the highest level since 1932.

	July 8, 1936	July 13, 1936	July 15, 1936	July 8, 1936	July 13, 1936	July 15, 1936
2½% Dutch Loan	74½	75½	75½	Steel Common	34½	37½
5½% German	18½	19	19	A. K. U.	22½	22
Unilever N.V.	114½	118	117½	Ford Motor	200½	203½
Philips Lamps	158	161½	157½	Deli Batavia Tob.	185	191
Netherlands Ship Union	47½	48½	47½	Royal Dutch	281½	280
				Handels Am.	257½	274½

CAPITAL ISSUES

AFTER an interval of six weeks, corporation borrowing has been resumed this week, with issues of *Birkenhead* and *Nottingham* 3 per cent. stocks at 99, both redeemable expressly on September 1, 1937, with no option of earlier call. In each case, the conversion of 6 per cent. stock to the extent of nearly £1 million will be effected. These municipalities, who were so near admittance when the door closed on the last occasion, will probably feel somewhat relieved that no significant change in terms has occurred in the interim. *Craven Brothers (Manchester)* is a well-known machine tool business, whose profits during 1934 and 1935 were approximately £26,750. The prospectus estimates that annual earnings will be increased to £60,000 at least. The 5s. shares which are offered at ros. each, have changed hands at rising prices since April. Although the company is now working at high pressure, the fluctuation in past earnings puts the shares in a speculative category for long-term investment purposes. The 5 per cent. preference shares of *John Crowther (Millsbridge)* are reasonably covered by recent earnings. About half the total assets consists of stock, however, and the company's exposure to the consequences of fluctuation in wool prices should be noted by the investor. The income of *Odham's Properties* may be regarded as a prior charge on the group's revenues, since the company leases properties and machinery to other concerns in the group and controls an important copyright licence. The profits record of the past three years is stable, but yields of 5 per cent. on the debenture stock and 6 per cent. on the ordinary shares now issued show the high return which is rightly expected of newspaper issues. Points arising from the speculative *National Coke and Oil* issue are discussed on page 127. Statements for information have been published this week by *London and South American Invest-*

ment and *British Combined Investors* (both relating to debenture stock issues), *Laundry Services* (whose preference shares have been marketed by British Electric Traction), *National Trading Company, Aeroplane and Motor Aluminium Castings, D. M. Davies (Slough), Mid-European Corporation*, and *J. W. Green*, the Luton brewing concern.

ISSUES OF THE WEEK

January 1 to July 11, 1936, including conversions, Old Basis, £275,772,345
January 1 to July 11, 1936, excluding conversions, Old Basis, £105,489,321
January 1 to July 11, 1936, including conversions, New Basis, £275,266,692
January 1 to July 11, 1936, excluding conversions, New Basis, £190,096,417
National Savings Certificates, Net receipts week ended July 11, 1936, Dr. £100,000.

	Nominal Capital	Conversions	New Money
<i>To the Public</i>			
Birkenhead (£1,000,000 3% Stk. 1937, at 99% (to repay 6% stk., 1936-51).....	1,000,000	990,000	—
Craven Brothers (Manchester), 1,000,000 5/- ord. shares at 10/-	250,000	—	500,000
Crowther (John) and Sons (Millsbridge), 300,000 5% cum. pref. £1, at 20/8	300,000	—	307,500
National Coke and Oil, 300,000 8% cum. ptg. pref. £1 at par	300,000	—	300,000
Nottingham (£1,750,000 3% Stk. 1937, at 99% (to repay 1999,700 6% stk., 1936-51).....	1,750,000	999,700	741,800
Odham's Properties, £100,000 5% 1st mt. deb. stk., at par	100,000	—	100,000
Do. 50,000 £1 ord. shares at £2.....	50,000	—	100,000
Total	3,780,000	1,999,700	2,079,300

	Nominal Capital	Conversions	New Money
<i>To Shareholders only</i>			
Associated Breweries, 300,000 5% red. cum. pref. £1, at 20/8	300,000	—	307,500
Associated London Properties, £200,000 4% 1st deb. at 99%	200,000	—	198,000
Davy Brothers, 72,684 £1 ord. at par (one new for each four held)	72,684	—	72,684
Kem River Oilfields of California, 750,000 3/4 shares at 3/8 (one new for each four held)	125,000	—	137,500
Llanelli and District Electric, 110,000 new 6% cum. pref. at 27/- (one new preference for each five ordinary held)	110,000	—	148,500
London Asiatic Rubber, 851,894 2/- ord. at 3/8 (one new for each ten held)	85,189	—	148,080
Max Stone, 300,000 ord 2/- at 2/8	30,000	—	37,500
Do. 80,000 6% cum. pref. 10/- at par	40,000	—	40,000
(Four new pref. and 15 new ord. for each 30 ordinary).			
Pollard (E.), £120,000 4½% deb. stk. at par	120,000	—	120,000
Rugby Portland Cement, 240,000 new 5/- ord. at 9/-	60,000	—	108,000
Do. 110,000 new 6% £1 pref. at 21/8	110,000	—	118,250
Scophony, Ltd., 640,000 5/- ord. at 7/8 (one new for each four held)	160,000	—	240,000
Vogelstruisbult Gold Mines, 628,571 new 10/- shares at 30/- (one new share for each seven held)	314,285	—	942,855
Total	1,727,158	—	2,619,869

	Including Conversions	Excluding Conversions	Total
<i>By Stock Exchange Introduction (at opening price)</i>			
Courtney Pope and Co., 100,000 8% Cum. 10/- pref. at 11/-	50,000	—	55,000
Do. 125,000 4/- ord. at 13/3	25,000	—	82,812
Laundry Services 100,000 5½% Pref. £1 at 20/8	100,000	—	102,500
Total	175,000	—	240,312

	Including Conversions	Excluding Conversions	Total
<i>By Permission to Deal</i>			
During week ended July 11, 1936	90,000	—	90,000

	Including Conversions	Excluding Conversions	Total
<i>Total Capital raised—</i>			
January 1 to date—			
1936 (New Basis).....	283,184,373	195,024,398	478,208,771
1936 (Old Basis).....	282,359,714	110,086,990	392,446,704
1935 (New Basis).....	299,115,359	191,898,728	491,014,087
1935 (Old Basis).....	224,037,524	112,951,982	336,989,506
January 1 to date (Old Basis)—			
1934.....	283,287,213	110,294,132	393,581,345
1933.....	207,740,973	113,318,008	321,058,981
1932.....	279,750,156	—	279,750,156
(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.			

	Debentures	Preference	Ordinary	Total
<i>Nature of Borrowing (Excluding Conversions)</i>				
January 1 to date—				
1936 (New Basis).....	71,453,234	24,644,769	98,926,995	195,024,998
1936 (Old Basis).....	59,286,411	12,242,182	38,558,397	110,086,990
1935 (New Basis)*.....	84,144,741	34,193,028	73,560,959	191,898,728
1935 (Old Basis).....	65,880,808	24,535,292	22,555,882	112,951,982
Whole-year—(Old Basis)—				
1934.....	212,917,900	45,062,600	111,177,600	369,158,100
1933.....	222,064,300	12,733,700	9,982,500	244,780,500
1934.....	102,769,300	21,461,000	44,878,400	169,108,700
1935.....	167,185,509	31,696,741	37,285,387	236,167,637
*Including securities for which "permission to deal" was given in twenty-nine weeks ended July 20, 1935.				

PUBLIC OFFERS

City of Nottingham.—Issue of £1,750,000 3 per cent. stock 1957 at 99 to convert £999,700 6 per cent. stock 1936-51, to repay mortgages, and for public works expenditure. Redeemable at par September 1, 1957. Population, 280,200; rateable value, £1,962,496. Net loan debt, £14,903,907, of which £10,438,974 for productive undertakings. List closed at end of business hours July 14th. Conversion lists close July 20th.

National Coke and Oil Company, Ltd.—Issue at par of 300,000 6 per cent. cumulative participating £1 preference shares and 150,000 5s. ordinary shares. Preference shares take 10 per cent. of surplus profits. Manufacturers of motor spirit, Diesel oil and smokeless fuel; operations began 1935.

(Continued on page 134)

BRITISH AIRWAYS LTD.

HILLMANS · UNITED · SPARTAN

SHORTEST ROUTE TO THE CONTINENT

AMSTERDAM
COPENHAGEN
HAMBURG
MALMÖ
PARIS

FREQUENT ELECTRIC TRAINS DIRECT TO GATWICK AIRPORT AND WAITING PLANES. NO TRAFFIC DELAYS. FARES INCLUDE 1st CLASS RAIL

Terminal House, Grosvenor Gardens, London, S.W.1. SLOANE 0091

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935				Prices, Year 1936				Prices, Year 1936				Prices, Year 1936				Prices, Year 1936				Prices, Year 1936				Prices, Year 1936																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low		High-Low	

(Continued from page 131)

No accounts for any period of active trading. Proceeds of issue to complete purchases, pay off overdraft (£37,902), extend and lay down manufacturing units. Lists closed 4 p.m. July 14th.

Odhams' Properties, Ltd.—Issue of £100,000 5 per cent. first mortgage debenture stock at par and 50,000 £1 ordinary shares at £2. Stock ranks with existing £720,778; first charge on properties, etc. Redeemable at 102½ by January 1, 1936, or from 1942 on six months' notice. Proceeds to erect new buildings. Profits, before interest, years to March 31st: 1934, £115,901; 1935, £115,753; 1936, £116,705. Net assets, £1,226,170 (£663,393 "The People" copyright licence).

BY OFFER FOR SALE

Craven Bros. (Manchester), Ltd.—Offer for sale of 1,000,000 5s. ordinary shares at 10s. Machine tool makers and general engineers; founded 1853. Profits, after depreciation: 1933, £81,386; 1934, £26,537; 1935, £26,739. Total assets, £593,001. Issue purchased for £490,000, including expenses (approximately 9s. 9½d. per share). Lists open five minutes, closing July 14th. Heavily oversubscribed.

Crowther (John) and Sons (Milsbridge), Ltd.—Offer for sale of 300,000 5 per cent. cumulative £1 preference shares at 20s. 6d. Woollen and worsted cloth manufacturers; founded 1840. Profits, after depreciation: 1933-34, £100,685; 1934-35, £74,077; 1935-36, £74,206. Net assets, £584,715 (stock-in-trade £475,386). British Shareholders Trust take £400,000 4 per cent. first mortgage debenture stock at 97½, and preference shares at 20s.

BY STOCK EXCHANGE INTRODUCTION

Aeroplane and Motor Aluminium Castings, Ltd.—Capital, 400,000 4s. ordinary shares. Acquires business of Heritier, Ltd., of Birmingham, aluminium casting specialists. Net assets £31,820, purchased for £55,000 (goodwill £23,180) in 275,000 4s. shares. Profits, after depreciation, years to March 31st: 1934, £3,827; 1935, £8,209; 1936, £10,331.

British Combined Investors Trust, Ltd.—Particulars of issue of £100,000 3½ per cent. debenture stock redeemable at par June 1, 1978, or from 1968 on six months' notice. Secured *pari passu* with £700,000 5 per cent. debenture stock by floating charge. Right reserved to issue further debenture stock ranking *pari passu* up to maximum of issued share capital. Stock purchased at 101 less commission.

London and South American Investment Trust, Ltd.—Particulars of £250,000 4 per cent. debenture stock purchased by Power Securities Corporation at 100 less ½ per cent. commission. Secured with existing 5 per cent. debenture stock by first floating charge. Right reserved to create shares ranking *pari passu* up to maximum of five-ninths of share capital. Repayable at 102½ October 1, 1972, or from 1957 on three months' notice.

Laundry Services, Ltd.—Particulars of issue of 100,000 5½ per cent. cumulative £1 preference shares. Incorporated 1933; owns shares of New Model Laundries, Ltd., and other laundry companies. Total assets, December 31, 1935, £317,721 (subsidiaries investments and advances, £249,148). Profits, after depreciation: 1933-34, £16,462; 1934-35, £18,642.

National Trading Company, Ltd.—Issued capital, 125,000 £1 ordinary and 125,000 5½ per cent. cumulative £1 preference shares. Incorporated in South Africa, 1928, to acquire business of A. Oppenheimer and Company, importers and merchants. Total assets, December 31, 1935, £288,936. Net profits, after depreciation and before interest: 1933, £19,244; 1934, £27,902; 1935, £31,916. Rowe, Swann and Company take 125,000 preference shares at 21s. less 3d. commission.

D. M. Davies (Slough), Ltd.—Capital, 325,000 4s. ordinary shares. Manufacturers of radio cabinets. Net assets, £66,428. Profits, after depreciation: 1933, £5,326; 1934, £8,692; 1935, £10,551.

J. W. Green, Ltd.—Particulars of 8,760 £1 ordinary shares; 640,000 5½ per cent. cumulative £1 preference shares; £500,000 3½ per cent. 1st mortgage debenture stock, redeemable at par from 1940 to 1982 by drawings, or in 1982, or at 101 from 1940 on six months' notice. Incorporated 1897. Controls 296 licensed properties. Profits, after depreciation, years to September 30th:—J. W. Green, Ltd.: 1933, £61,691; 1934, £70,612; 1935, £86,095. Adey and White, Ltd. (acquired 1936): 1933, £19,073; 1934, £18,244; 1935, £21,164. Net assets, £984,986 for J. W. Green, and £163,303 (book value) Adey and White.

Mid-European Corporation.—Particulars of issue of £100,000 4 per cent. debenture stock at 100½. Redeemable at par, 1971, or from 1946 at 105. Secured by floating charge.

ISSUES TO SHAREHOLDERS ONLY

Abridged particulars are shown in table on page 131.

CONVERSIONS AND REPAYMENTS

County Borough of Birkenhead.—Issue of £1,000,000 3 per cent. redeemable stock, 1957, at 99, to convert £993,175 6 per cent. stock, 1936-51. Redeemable at par September 1, 1957. Ranks *pari passu* with all other loans. Population, 149,400. Rateable value, £990,477. Debt, £6,833,439 of which £5,322,628 for productive undertakings. List closed at end of business hours July 14th. Conversion lists close July 20th.

Japanese 5 per cent. Exchequer Bonds.—The fourth conversion of 5 per cent. Exchequer Bonds (Internal Loan) amounting to about 582 million yen will take place on August 15th. As in the previous case, better terms are offered for conversion application and cash application is confined to the Bank of Japan. The terms of the new bonds are as follows: Amount to be issued, 597,000,000 yen; rate of interest, 3.5 per cent.; date of final redemption, December 1, 1950. Issuing price: Cash application, 98 yen; conversion application, 97.5 yen. Yields: Cash application, 3.68 per cent.; conversion application, 3.72 per cent.

United Molasses Company.—The directors announce that the entire outstanding balance of £102,419 4 per cent. funded income stock will be redeemed on August 31, 1936.

REPORTS AND NOTICES

The Union Bank of Australia, Ltd., announce that Mr W. A. Laing is retiring on 21st instant after long service, during the last ten years of which he has occupied the position of manager. Mr F. H. McIntyre, the present assistant manager, has been appointed manager, and Mr C. E. Murch, the secretary, to the position of assistant manager. Mr C. R. Pearce has been appointed secretary.

BANKS

BANK OF THE MANHATTAN COMPANY.—The half-yearly statement of the Bank of the Manhattan Company, as on June 30, 1936, shows total resources amounting to \$561,647,160 as against \$548,163,875 on December 31, 1935. Deposits have increased during the six month period by \$30,638,267 to \$457,125,942, and the bank's holding of U.S. Government obligations has increased by \$19,834,970 to \$104,024,221. Loans and discounts have increased from \$125,659,682 to \$135,104,916. Capital and surplus remain unchanged at \$20,000,000 each, and undivided profits remain at \$5,431,681.

RUBBER

KUALA MUDA RUBBER.—Profit after depreciation of Kuala Muda Rubber Estates to March 31, 1936, was £23,558, £31,320 plus £716 brought in. To debenture interest £12,600, interest on 7 per cent. notes £1,654, and redemption of 7 per cent. notes (one-half of second series) £6,300, leaving £3,721 to go forward. Crop 2,288,724 lbs. collected at average cost f.o.b. of 2-86d. per lb. (against 2,577,060 lbs. at cost f.o.b. of 2-55d.). Meeting, 19 Fenchurch Street, E.C., July 23rd, 12.30 p.m.

MISCELLANEOUS

LAMPORT & HOLT, LTD.—Receiver has completed sale of Coast Lines ordinary Stock held by him. As a result there is a sum, subject to a claim to assets of company in priority to claims of the Debenture Stockholders, sufficient to pay slightly more than two-thirds amount debenture stock at present outstanding of stock i.e., £1,251,162 12s. 0d. After sanction by the Court it is hoped to make a 66½ per cent. cash distribution amounting to £834,109 on Debenture Stock about October.

TANKERS' NEW SCHEME.—The new scheme is based on proposals of four members of the Committee of Shareholders who have issued a minority report. The main features of the original scheme have been adopted except that it is recommended that the funding certificate holders should receive in cash 7½ per cent. on their holdings instead of 5 per cent. and an option, exercisable up to December 31, 1937, to subscribe for two ordinary 1s. shares (less 10 per cent. commission) for each £1 face value of funding certificates, or, alternatively, three 8 per cent. cumulative preference shares of 6s. 8d. (less 10 per cent. commission) for each £10 of funding certificates now held, and that the preference shareholders receive a 6 per cent. dividend instead of 4 per cent. if the new scheme becomes operative. The capital cuts remain.

BOWATER'S PAPER MILLS, LTD.—Bowater's Paper Mills, Ltd., announce that, in addition to the appointment of Mr Percy Denson as a director and vice-chairman of the company, it is also intended to appoint Mr E. L. Fifoot to the board. Mr Fifoot has for some years been a director and the sales manager of Edward Lloyd, Ltd.

BOOTH'S DISTILLERIES, LTD.—Net profits for year to March 31, 1936, at £107,863 show an increase of £42,167. After providing for preference and preferred ordinary dividends, transferring £3,000 to debenture redemption reserve, and £10,000 to special reserve for subsidiaries, there remains £51,894. Dividend on the ordinary capital is maintained at 7½ per cent., less tax, leaving the carry-forward increased from £25,852 to £53,227.

COMPANY MEETINGS, &c.

RICHARD THOMAS AND COMPANY, LIMITED

IMPROVED RESULTS AND PROSPECTS

SIR WILLIAM FIRTH ON THE COMPANY'S ACTIVITIES

The eighty-seventh ordinary general meeting of Richard Thomas and Company, Limited, was held, on the 15th instant, in London.

Sir William Firth (chairman and managing director), in the course of his speech, said: The normal trading profits of the combine amounted to £1,186,635. The directors propose a final dividend of 9½ per cent., making 12½ per cent. for the year, on the ordinary shares for the year, and the transfer to general reserve of £91,293, bringing the total general reserve fund to £300,000. There will then remain £785,844 to carry forward, which is £39,139 more than the amount brought in after payment of the 1935 dividends. The trading profits for the first three months of the current year show an improvement on the same three months of last year, and the order-book position is substantially better—and I think it reasonable to expect improved results during the current year.

REVIEW OF THE YEAR'S OPERATIONS

Although the profits during the year under review were larger than in the preceding year they were not entirely satisfactory to your directors.

Three subsidiaries made small losses and the profits of another subsidiary were below what they should have been. The losses were due to uncontrollable circumstances—in the case of the subsidiary where the profit has been unsatisfactory steps are being taken to obtain better results, and there is no reason to doubt success. The profits in our sheet department were also disappointing, due to a poor export demand and low prices due to severe competition from Belgium, and insufficient attention having been paid by us to the home trade demand, which is expanding. During the current year I anticipate the profits in our sheetworks will improve.

Belgium has recently advanced her selling prices £1 in some markets, in others even £2 per ton, and a Continental sheet cartel is on the point of being formed, and we have made arrangements to expand our production of high-grade sheets for the home trade. The acquisition of a merchant house with close connections in the motor and steel furniture industry has secured to us an outlet.

The year under review was not a satisfactory year for us at our Redbourn plant, where the advance in the price of coal reduced our profits, and our out-of-date melting shop practice and our old type coke ovens made our cost higher than obtainable with modern practice and plant. We are taking steps to remedy the situation and we look forward to a substantial improvement in the earning power of our Redbourn works. The export demand for tinplates during the year under review was disappointing. For nine months we were only able to operate to 55 per cent. of our capacity. The demand has since somewhat improved, but we are still only operating at 62½ per cent. of capacity. In the home trade, thanks to the enterprise of tin-box manufacturers and better trading conditions, the demand has expanded and shows sign of considerable further expansion. When we met last year you will remember I was a little unhappy about the entry into the tinplate trade of an important tin-box manufacturer. I am glad to be able to tell you the differences of opinion that then existed between us have been brushed aside, and we are now working with these friends in complete harmony and to our mutual benefit.

EXPANSION DURING FOUR YEARS

I think that some details of the expansion of your business during the past four years, covering all our acquisitions during that period up to March 31st last, will interest you. We have purchased fifteen businesses previously under separate independent control, either competing with us, or drawing their steel supplies from our competitors. These purchases have increased our steelworks capacity by 140,000 tons per annum, and our sheet and tinplate capacity by 230,000 tons per annum. We have increased our coal reserves by 38,000,000 tons, and our ore reserves by 71,500,000 tons.

We have secured from the American Rolling Mill Company the exclusive rights in this country to manufacture wide strip steel by that company's patent process, and have prepaid to that company royalty and service fees covering the first 1,000,000 tons of production.

We own in all 9,828 acres of freehold and leasehold property, including six collieries with an annual capacity of 2,000,000 tons; four blast furnaces with an annual capacity of 250,000 tons, excluding those at Ebbw Vale which we are remodelling; seven steelworks with an annual capacity of steel ingots of 1,100,000 tons and four hundred and thirty coke ovens with an annual capacity of 600,000 tons (this item does not include some coke ovens at Ebbw Vale, which we are dismantling, and none of them is modern, but nevertheless they are producing coke at a price that yields to us a profit); three by-product plants; eight steel-rolling mills with an annual capacity of 1,000,000 tons; two hundred and seven mills with a capacity of 500,000 tons; forty-seven sheet mills with a capacity of 250,000 tons; three foundries with a capacity of 30,000 tons; eight brickworks with a capacity of 50,000,000 bricks; lime stone quarries, cottages, etc., and two merchant businesses.

The assets purchased from the Ebbw Vale Company as a whole have, during the eight and a half months since the date of takeover, earned a gross profit sufficient to twice cover the bank interest on the purchase price, despite the fact that the steelworks and blastfurnaces have contributed nothing and the collieries have been adversely affected by the absence of Italian demand.

The steelworks is being completely demolished and the value of the resultant scrap will represent a substantial reduction in the purchase price, and the collieries recently secured an Egyptian Government contract that will enable them to be worked to greater capacity and yield improved results.

ERECTION OF NEW STRIP MILL

The site of these old works is being prepared for the erection of a modern basic Bessemer steel and open-hearth plant and an American-type wide strip mill. Some of you will have read statements to the effect that a strip mill is not a suitable plant for this country, and will wish some information on this point. Tinplate, as you know, consists of thin steel sheets coated with approximately 1½ per cent. of tin, just as a galvanised sheet is a steel sheet coated with a small percentage of spelter. The total output of the above class of sheets in this country approximates 2,000,000 tons per annum.

The method in this country of manufacturing these sheets is by what is known as the two high and three high mill method. The modern and cheapest method of manufacturing black sheets is by a patent process owned by the American Rolling Mill Company of America, who themselves produce one million tons per annum and receive royalty payments for the several million tons produced under their patents by their competitors, including the great United States Steel Corporation. Under the agreement with the American Rolling Mill Company we have secured the exclusive rights in this country of this patented process, and we propose for the present to erect one strip mill at Ebbw Vale.

Strip mills have a capacity of 300/450,000 tons per annum, according to gauge and width worked, but an exceedingly low production cost and an almost absolutely perfect product can be produced with an output of 300/350,000 tons per annum, and that for the present is the output we propose to aim at. It represents approximately one-sixth of the country's present output.

ISSUE OF ORDINARY SHARES

The combined cost of this modern steelworks and strip plant will approximate £4,500,000. To provide the necessary money it is proposed to issue some time in the autumn 4,500,000 ordinary shares of a nominal value of 6s. 8d. each at a price that should benefit the ordinary shareholders and still yield to the company a substantial premium. We believe that just as in the States this strip mill (of which there are 21 in that country) has resulted in a great expansion of demand, it will result in an expansion here, and I sincerely believe our workpeople have no grounds to worry and that our shareholders, as possessors of the most modern sheet and tinplate plant in this country and equal to any in the world, will in the absence of abnormal and unforeseen circumstances have good cause to congratulate themselves on their investment in our company.

The reports and accounts were unanimously adopted.

POWELL DUFFRYN ASSOCIATED COLLIERIES, LIMITED

THE POWELL DUFFRYN STEAM COAL COMPANY, LIMITED

WELSH ASSOCIATED COLLIERIES, LIMITED

MR E. L. HANN ON NEED FOR GOVERNMENT ASSISTANCE

The first annual general meeting of Powell Duffryn Associated Collieries, Limited, was held, on the 14th instant, at Southern House, London, Mr Edmund L. Hann (the chairman) presiding.

The Chairman, touching on public matters of importance affecting the company, referred to the recent increase in miners' wages. South Wales, he said, owing to it being largely dependent upon export trade, had been unable to make an offer on the same scale as other districts.

Shareholders would remember that in the latter part of last year each district gave an undertaking to set up controlled selling organisations. The South Wales organisation would shortly be established, and it was to be hoped that it would achieve its object; foreign competition would, however, make it extremely difficult to bring about a substantial increase in the sales proceeds.

The Chairman drew attention to the serious position facing South Wales. Its export trade was now menaced and adverse circumstances over which it had no control threatened its existence and had condemned a large proportion of its workpeople to the demoralising influence of unemployment. This state of affairs was a national problem, and the Government should be looked to for practical assistance. Conditions in South Wales, where the hopelessness of the unemployed grew day by day, had become so bad that the problem of rehabilitating its industries and of creating new industries was so gigantic a task that it was beyond the solution of any industrial company, however powerful, without the help of the Government.

By means of special assistance, South Wales should also be given a larger share of the inland market. In this regard the Chairman said that it was becoming increasingly necessary for local authorities to prohibit the use, in densely populated areas, of any fuel other than smokeless fuel; the damage caused by smoke to human life, property and plant life was of staggering magnitude, but it could be largely prevented by the greater use of Welsh coals, the bulk of which were smokeless and were admirably suited both for industrial and domestic purposes.

FOREIGN MARKETS

Dealing with foreign markets, the Chairman said that conditions abroad had increased in severity during the past year. The Welsh coal trade with Italy had, as a result of sanctions, practically disappeared this year; in France there had been a steady decline as a result of the quota system, whilst monetary and political difficulties were reducing exports to Spain. Both Greece and Yugoslavia had issued decrees which rendered almost impossible the export of coals to those countries.

Dealing with the domestic affairs of the company, the Chairman said that during the last twelve months the board had been faced with many complicated problems which had arisen from the merger, but the experience gained had assured them that the policy embarked upon was fully justified. It had been possible to effect economies by the concentration of production, and by the co-ordination of policy in the various selling organisations.

The company's coke ovens have worked full time and the company produced "PhuroD" and "WAC" smokeless coals specially prepared for domestic boiler and central heating plants, and capable of being used with very high efficiency in plants where coke may at present be used. The company's proprietary by-products, including Presotim, Presomet, Synthatar, Synthacold and Synthaprufe, particularly the latter, were becoming better known and fully appreciated.

The Chairman said he had painted a somewhat gloomy picture of the position in South Wales, but shareholders were not to imagine that he had any doubt as to the ultimate future both of South Wales and of the company. He was convinced that the Government's attention having been drawn to the state of affairs, remedies would be found. Next year he hoped the clouds would have lifted and that he would have a more cheerful picture to put before them.

The auditors' report and accounts were adopted and the dividends recommended were duly declared.

Annual general meetings of the Powell Duffryn Steam Coal Company, Limited, and Welsh Associated Collieries, Limited, were held, subsequently, at which the reports and accounts were adopted and the dividends recommended were duly declared.

ANGLO AUSTRALIAN GOLD DEVELOPMENT, LIMITED

PROGRESS AT YELLOWDINE—HEARTENING FIRST RETURNS

The third ordinary general meeting of Anglo Australian Gold Development, Limited, was held, on the 16th instant, at Winchester House, London.

Colonel Sir William R. Campion, K.C.M.G., D.S.O. (the chairman), said that since the last annual meeting the managing director and he had spent several months in Western Australia and had visited most of the scenes of the company's activities. Results of the work done up to the present on the properties which they controlled had not been without their disappointments, but he had returned happy in the knowledge that they had a stake in some excellent properties and that the prospects, on balance, were full of promise.

With regard to the famous Yellowdine mine, in which their participation was approximately one-fifth, he was glad to be able to report very favourably. At this time last year they had been at the critical stage of testing the continuation below water level of the rich and wide ore near the surface. The east crosscut from the shaft at the 100 ft. level had given a completely satisfactory answer to that question, and no time had been lost in preparing for the extraction and treatment of the ore. Sufficient high-grade ore had already been blocked out to keep the plant running for about two years.

MANAGING DIRECTOR'S SPEECH

Mr Claude A. de Bernales (managing director) said that his personal inspection of the Yellowdine mine and his discussions with those in control of its development had caused him to be well satisfied with its possibilities of success and in its developing favourably at depth. Disregarding the question of what lay in the deeper levels, the upper portion of the lode exposed to date formed an immensely valuable block of ore. The East Crosscut from the 100 ft. level of the main shaft proved the main lode to have, at that depth, a width of 47 ft. and to carry gold values in the crosscut of 18 dwts. per ton. Disregarding 5 ft. of low-grade ore in each wall, the centre 37 ft. of lode carried values in the crosscut of 24 dwts. per ton. Development at the 100 ft. level had shown the grade to be lower than in the level above, but highly payable values had been proved and extensions north and south were very promising. The estimates of the tonnage available above the 100 ft. level had varied from 100,000 to 135,000 tons of ore of an average value of 15 dwts. to 1 oz. per ton.

Their management's survey department had further estimated that with the width of the lode remaining constant, and not extending further north or south than had at present been proved, an additional 74,000 tons of ore would be opened up at every 100 ft. stage of sinking.

Great encouragement could be taken from the result of No. 12 Diamond Drill Borehole, which cut 22 ins. true width of stone at a vertical depth of 226 ft., which was 126 ft. below the present deepest level in the mine. The values showed an average of 1 oz. 9 dwts. per ton. The lode being lenticular in formation the management were not perturbed at the size of the orebody where cut, and confidently expected greater widths of ore when the orebody was being opened up.

The sinking of the main shaft was going forward steadily, and it had now reached a vertical depth of 254 ft. It was the intention of the management to sink a shaft to a depth of 320 ft. which would permit of a crosscut being put out at a vertical depth of 300 ft. to cut the orebodies at that horizon, which should be in the definite settled sulphide zone. The management would also doubtless put out a crosscut from the 200 ft. level for general information as also to permit of the proper working of the orebody.

Nothing could have been more heartening than the cabled news of the first monthly return. That showed that 3,109 tons or ore had been crushed for a return of 1,501.7 ozs. of gold worth £12,908 over the plates and with £11,477 of gold in the tailings, which were being stacked for future treatment by cyanidation. The total value of gold which in due course should come to the Yellowdine company from its June crushing would be £24,385, less the cost of treating the tailings, and the total net profit on 3,109 tons of ore treated for June should be £17,800. Anglo-Australian Gold Development, Limited, could reasonably expect the approximate dividend of £50,000 Australian per annum from its investment in the Yellowdine Company.

A summary of developments during the past 12 months showed that the Anglo-Australian company had made good headway in carrying out its policy and that, on average, it stood in a materially stronger position than it had done a year ago.

The report was adopted.

INTERNATIONAL TEA COMPANY'S STORES, LIMITED

DISTRIBUTION OF 80 PER CENT. MAINTAINED

The forty-first annual general meeting of this company was held, on the 14th instant, at Winchester House, London, Mr Guy Collier (chairman and joint managing director) presiding.

The Chairman, in the course of his speech, said: The profit for the year is £864,557 1s. 11d. To this must be added £108,845 16s. 1d. brought forward from the last account, making a total of £973,402 18s. After charging directors' and audit fees, interest, pensions, national health and unemployment insurance, depreciating leaseholds, fixtures and fittings by £80,000, placing £100,000 to the reserve account, providing for the preference dividends, and the interim dividend of 12 per cent. already paid on the ordinary shares, the balance is £347,804 17s. 8d.

The directors recommend the payment of a final dividend of 18 per cent. on the ordinary shares, making 30 per cent. for the year, that a provision of £50,000 be made for income tax liability, and that the balance of £108,804 17s. 8d. be carried forward to the next account.

I think that it is a matter of congratulation that we were able to build up this dividend equalisation fund in the years when profits were good, and competition not so severe, to provide for a lean year such as we have just gone through, and I do feel that it comes quite within the province of sound and prudent finance to use the money so provided, to stabilise our dividend this year.

TRADING DIFFICULTIES

I would like to say just a few words about the profits earned during the year under review. The figure of £864,557 1s. 11d., or roughly £22,000 less than last year (which was a record one for the company) appears on the face of it quite good, especially in view of the fact that the year just passed was for 52 weeks only, whereas the record year of 1935 was made up of 53 weeks. Another week's profit would have meant roughly £16,000, which would have put our figures within £6,000 of last year, but, on the other hand, there is the hard fact to face that 1935 accounts only included four months' profits of the George J. Mason Company, whereas this year we have had the advantage of a full year's trading profits. But for the profits included from George J. Mason, the trading profits of the International would have been substantially less.

The diminished profit is due entirely to the severe competition in selling that has been experienced during the entire 12 months. We have supplied a greater number of customers with a substantially increased weight of commodities, but we have had to take a smaller percentage of gross profit in so doing, and it has been quite impossible to make any substantial saving in expenses.

We are in possession of a very solid business built up during more than 50 years of successful trading, and we cannot allow it to be filched away from us, and, whatever the cost of maintaining our vast volume of trade, it has to be met, and that is the reason—and the sole reason—why the figures for 1936 do not show the normal expansion of profit that we might have reasonably expected as the result of 12 months' strenuous endeavour on the part of everyone engaged in your great undertaking.

In this connection, I do want to assure you that all our associated companies have equally pulled their weight in making up this year's balance sheet, and every subsidiary company has made a profit.

The total amount invested in freehold properties, including I.T.S. Properties Development Company, Limited, is now nearly two and a quarter millions, and in bad years when the competition is so fierce I feel even more thankful that we are protected in so many of the leading towns, up and down the country, because I am quite certain that, were we not already established in the majority of the leading towns, the rents now being secured for first-class trading positions would make the opening of new shops increasingly difficult, and in some cases quite impossible.

MR COLIN COOPER'S VIEWS

Mr Colin Cooper (vice-chairman and joint managing director) seconded the motion. Referring to the question of competition, he said that it required no skill or salesmanship to sell at a loss an article of a certain known value, and cutters would learn to their cost that those who flocked to them while they did it would immediately go back from whence they came when the price was put back to a normal one. During the past very difficult year the company had had to see to it that none of their customers had been taken from them by the attraction of price, and he was glad to be able to say that both the turnover and the number of customers had increased.

The report and accounts were unanimously adopted.

THE TRUSTEES CORPORATION, LIMITED

FURTHER INCREASE IN REVENUE

The forty-eighth annual general meeting of The Trustees Corporation, Limited, was held, on the 15th instant, in London.

Mr W. Sandford Poole (the chairman) first referred to the deeply regretted death of the late chairman, Sir George Touche.

Proceeding, he said that the income from interest and dividends, less income tax, amounted to £134,651, an increase of some £5,600 on the previous year's figure. The conditions he outlined last July had since prevailed, and, indeed, had become intensified. At home, industrial and commercial revival had steadily proceeded. With regard to the disposition of their investments, on the basis of book figures approximately 65 per cent. and on the basis of valuation figures 78 per cent. were in Great Britain and the British Dominions and Dependencies. In spite of the difficulties abroad and the present rubbish levels of many foreign holdings, the market appreciation over book values of their total investments at May 31st last almost reached the level of that shown towards the end of 1930. The valuation showed that, over and above their capital, their reserves and carry forward, which together amounted to more than £580,000, were intact with a substantial margin.

The total revenue for the year was £159,858; £10,000 has been transferred to the reserve fund, and the directors recommended a final dividend of 6½ per cent. actual, making a total of 9 per cent. for the year. That compared with 8½ per cent. for the previous year and with 7½ per cent. for 1933-34. The balance carried forward was £100,342. Their investment revenue for the current year should show no retrogression providing that no serious calamity occurred. The economic strength of this country and recovery and stability within the "sterling area" might well prove to be the first foundation upon which a sound structure of world international trade could be rebuilt. Recent trade returns, however, made it plain that no effort must be spared to stimulate our exports and widen trade interchange by all possible means.

The report and accounts were unanimously adopted, and the proceedings terminated with a hearty vote of thanks to the chairman, directors, and staff.

GREAT BOULDER PROPRIETARY GOLD MINES

INCREASE OF TREATMENT PLANT

The forty-second ordinary general meeting of the Great Boulder Proprietary Gold Mines, Limited, was held, on the 15th instant, in London.

Mr Claude A. de Bernales (vice-chairman) said that the mine working profit for the year under review was £88,660, compared with £88,135 for 1934, and, in view of the fact that operations had been suspended for eight weeks in January and February, 1935, owing to a strike, could only be considered satisfactory. Had normal conditions existed throughout the whole of the year, a substantial increase in profit could have been expected. The net profit was £70,636, out of which two dividends of 12½ per cent. had been paid, and he was able to announce that an interim dividend of 12½ per cent.—3d. sterling per share—less income tax had that day been declared on account of the current year. The ore reserves at December 31 last amounted to 697,394 tons.

He had recently visited Kalgoorlie and held a conference of mine officials, and had had no hesitation in recommending the adoption of the policy of which the board had approved and which had had the approval and recommendation of all those attending the conference. The recommendation was that development should be expedited and the capacity of the present treatment plant increased to 25,000 tons per month at an estimated total cost for development and plant of £300,000 (Australian currency) spread over two to three years. To meet the expenditure and not to interfere with the present rate of dividend distribution, the board had decided to issue the 166,667 reserve shares, and those have been allotted to Great Boulder Mining and Finance, Limited, at 8s. 6d. sterling per share, the market price on the day of allotment. Sufficient cash was, therefore, made available with funds at present in hand together with profits estimated as receivable over the next two years from the mine and the retreatment of the residue dumps to carry out and pay for the policy recommended and at least to continue the present rate of dividend.

He believed that properly handled and energetically developed the Great Boulder Proprietary Mine had ahead of it many years of highly profitable life.

The report was adopted.

ESTATES CONTROL, LIMITED

LORD LUKE ON MEAT SUBSIDIES

Presiding at the thirty-second annual general meeting of Estates, Control, Limited, held on the 16th instant, Lord Luke said that while nearly all the cattle from the Bovril Australian Estates provided frozen beef for this market, he doubted if any beef, frozen or chilled, came here from Argentine Estates of Bovril, so they were not directly interested in the £d. a pound duty on foreign beef recently announced.

It was realised in South America that the home farmer had the first claim on this market, and the new duty not only gave him protection advantage but helped to provide the bonus for the best grade of cattle produced here.

He had recently had his attention drawn to some statistics in Sir Thomas Middleton's book "Food Production in War," published by the Carnegie Endowment. For the purpose of the food statistics, a person was reckoned as requiring one million calories per annum. It was then indicated on that basis that 100 acres of wheat land would support 208 persons for a year, whereas the same area of average milk producing pasture would support 41 persons, whilst the average beef producing pasture would support only nine persons to the 100 acres.

There was, of course, only a limited amount of land suitable for food production in this country. Therefore in any consideration (especially with the possibility of war conditions) the greatest thought should be given to increasing the actual amount of food necessary to sustain the population.

It was to be hoped that the Government would make it a condition that the bonus to be given to the beef-cattle farmers should only go to those who maintained or improved a high standard of stock.

The net profits of the company, at £41,043, were some £5,300 down on the year. This was due to there having been a lower profit margin on the trading side of the accounts. Having made the usual dividend payments on the preference and preferred ordinary shares, they now suggested a final dividend on the ordinary shares that would bring the total dividend up to 4s. per share, the same as the previous year.

The report and accounts were adopted.

COVENT GARDEN PROPERTIES COMPANY, LIMITED

SATISFACTORY OUTLOOK

The twelfth ordinary general meeting of this company was held, on the 14th instant, in London.

Mr Philip E. Hill (the chairman) said that the revenue for the year before providing for directors' fees, taxation, and debenture interest, was £259,000. The income from rents, tolls and interest on investments was £228,000, an increase of £17,000, or, if the further increase in rates was added, £22,000 as compared with last year. The balance of revenue arising out of realisation of securities was £30,770, as against a figure of £30,763 in last year's accounts. As anticipated, their revenue continued to increase, and should be further augmented during the current year and the next year to the extent of about £30,000. There were also, of course, valuable reversions falling in during the next few years.

During the year the company had issued £2,500,000 4 per cent. first mortgage debenture stock, and in connection with the issue an offer had been made to the holders of the 5 per cent. and 4½ per cent. debenture stocks to convert into the new issue, or to accept redemption. As a result, the whole of the £1,000,000 5 per cent. debenture stock and £835,090 of the £1,000,000 4½ per cent. debenture had been converted or redeemed. There still remained a balance of £164,910 of the 4½ per cent. stock outstanding, and the company had deposited £181,401 in cash with the trustees for that stock to provide for the redemption of this in 1937.

The directors had instructed Messrs Goddard and Smith and Messrs Knight, Frank and Rutley to make a valuation of the whole of the company's freehold and leasehold properties, and their valuation, made on December 23rd last, disclosed an increase in the value of those properties of £663,604 over the figure at which they appeared in the balance sheet.

During the year certain of the company's investments had been realised at a satisfactory profit and the proceeds, together with the surplus arising from the recent debenture issue figured in the balance sheet item as cash in hand. With a view to the satisfactory employment of those funds, contracts had been entered into for the purchase of shop properties let to well-known multiple concerns. Generally he thought the outlook of the company might be considered as quite satisfactory.

The report was unanimously adopted.

SOUTH AFRICAN TORBANITE MINING AND REFINING COMPANY, LIMITED

INCREASE OF CAPITAL APPROVED

An extraordinary general meeting of the South African Torbanite Mining and Refining Company, Limited, was held, on the 22nd ultimo, in Johannesburg.

Mr W. Patrick Jones (the chairman) said that the meeting had been called to consider resolutions increasing the capital of the company to £1,000,000 divided into 2,000,000 shares of 10s. each by the creation of 500,000 additional shares of 10s. each. He would remind shareholders that prior to the incorporation of the company an expenditure of approximately £50,000 had been incurred primarily in proving the torbanite possibilities of portions of the farm Mooifontein No. 287, upon which the company's mine and retorts were now situated. Those investigations had considerably facilitated the opening up of the torbanite seams and a fully equipped mine had now been established.

The mining operations carried out to date confirmed the original estimate that when the output had reached 300 tons per day the mining costs would be of the order of 10s. per ton of torbanite. It was anticipated that that output would be reached early in 1937. It was estimated that on Mooifontein alone there was sufficient payable torbanite to supply the retorts for 25 to 30 years on an estimated throughput of 300 tons per day. Operations had been commenced at the refinery in January and it was estimated that by the beginning of 1937 fifty per cent. of the refinery's requirements would be supplied from torbanite oil.

As to marketing, an efficient organisation had been constituted to deal with the distribution of the company's products, which had already met with a satisfactory reception from the public. In addition to motor spirit, progress was being made in regard to the disposal of by-products. Since the original capital expenditure programme was formulated there had been several developments as a result of which a wider scope of activity was envisaged and they were advised that it would be of advantage to expand their operations.

Shareholders might anticipate that their prospects would be substantially enhanced as a result of the expansion and the directors were confident that the new capital would improve their prospects.

The resolutions were passed unanimously.

CHOSEN CORPORATION LIMITED

IMPORTANT AGREEMENT WITH UNION OF MINES

An extraordinary general meeting of the Chosen Corporation, Limited, was held, on the 15th instant, at Winchester House, London, E.C., Mr Gerald W. B. Portman (Vice-Chairman) presiding.

The Chairman, in the course of his speech, dealt at length with the reasons which had made it desirable, in the opinion of the board, for no full report on the position of the company, together with audited accounts, to be submitted to the shareholders until the close of the financial year on June 30th last, and to questions that had been raised in regard to recent issues of shares.

He proceeded to explain the difficulties with which the company was faced owing to the strong national feeling which had arisen in Japan recently against foreign companies operating in Japanese territory, which had necessitated some arrangement being made with Japanese interests if the future of Chosen Corporation and its Japanese subsidiaries was to be safeguarded for the shareholders.

Having dealt with the lengthy negotiations extending over some eight months which had been carried on with Japanese and American interests, he announced that, as the outcome of these, a final agreement had been signed on May 5th with the Chosen Union of Mines, a Japanese Corporation, whose chairman was Viscount Innouye, amongst the effects of which were the acquisition by the Corporation of shares in the Nurupi Company, and an undertaking by the Corporation in regard to the guarantee of the receipt of a minimum dividend amounting to £53,593 per annum on the Nurupi shares owned by Chosen Corporation. In the opinion of the board, the agreement that had been entered into would be very beneficial for Chosen Corporation shareholders.

He announced a dividend for the half-year of 1s. per share, payable on July 21st, making a total of 10 per cent. for the year with a further possible bonus dividend out of the commission to be received under agreement with the Japanese interests.

Mr Serge Rubinstein, in reply to questions, said that in his opinion the best answer to the criticisms of the consulting engineers was that at March 31, 1936, the grade of ore, the tonnage and also the dwts. were the maximum in the company's history.

SOUTH AFRICAN BREWERIES, LIMITED

RECORD PROFIT

The forty-first ordinary general meeting of the South African Breweries, Limited, was held, on the 15th instant, in London.

The Rt. Hon. Sir A. Griffith-Boscawen, P.C., J.P. (vice-chairman), said that the company had had a very good year; in fact, they had made a record profit, and he was glad to add that though one could not expect that their business would expand at the same rate every year—it must be remembered that the returns which they were receiving that day were in comparison with the large increases made last year over the returns for the previous year—there was at present no indication of any diminution in their business; on the contrary, their prospects for the present year were distinctly encouraging.

The net profit showed an excellent increase of £62,800, and they proposed to increase the dividend on the ordinary shares by 2½ per cent., making it 20 per cent. for the year, free of income tax, and after making provision towards the establishment of the pension and life assurance scheme of £35,000, they would carry forward an amount of £60,901.

Their beers had maintained their high quality, and without wishing to draw any invidious distinctions with the products of their competitors, he was confident that they remained the best beers brewed in South Africa. Since their last meeting they had put on to the market a new Pilsener beer—Golden Pilsener it was called—and it had proved a great success. It had commanded a very large sale, which he was glad to tell them had in no way interfered with the sale of their Lager, always a very popular beverage, or of their other products.

The company aimed at making their product all-African so far as was possible, and, as a matter of fact, the only thing they had been compelled to import to any extent was hops. For some years past, in conjunction with the Union Government, and acting with Ohlssons Cape Breweries, they had been experimenting in hop growing with satisfactory results up to a point. He would not wish it to be supposed that there was any immediate prospect of their being able to give up importing a large proportion of the hops which they required, but so far as it was possible, they intended to grow as many hops in South Africa as they could make use of profitably.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended July 11, 1936, amounted to £13,935,000, against ordinary expenditure of £10,416,000. After allowing for an increase in Exchequer Balances of £155,532, the operations for the week, as shown below, decreased the gross National Debt by £2,902,000 to approximately £7,988 millions.*

	(000' omitted)	
Treasury Bills.....	+ 3,356	National Savings Certificates... £ 100
2½% Funding Loan, 1936-61 ..	+ 12	Public Department Advances .. 5,420
		P.O. & Tel. Capital Exp. 750
	+ 3,368	— 6,270

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

A complete analysis of the approximate position of the National Debt at June 30, 1936, appeared in the *Economist* of July 4, 1936.

REVENUE	Total Receipts into the Exchequer from			
	April 1, 1935, to July 13, 1935	April 1, 1936, to July 11, 1936	Week ended July 13, 1935	Week ended July 11, 1936
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	17,725,000	23,081,000	4,213,000	4,924,000
Sur-tax	4,490,000	4,410,000	110,000	180,000
Estate, etc., Duties.....	26,780,000	24,340,000	1,650,000	1,880,000
Stamps	4,200,000	4,440,000	500,000	450,000
Excise Profits Duty and Corporation Profits Tax	110,000	100,000	...	...
Land Tax and Mineral Rights Duty.....	...	...	...	...
Total Inland Revenue.....	58,581,000	51,095,000	6,473,000	7,434,000
Customs and Excise—				
Customs	55,558,000	57,831,000	3,891,000	4,546,000
Excise	27,998,000	26,500,000	998,000	945,000
Total Customs and Excise	83,557,000	84,331,000	4,889,000	5,491,000
Motor Vehicle Duties (Exchequer Share)	1,460,000	1,578,000	566,000	640,000
Post Office (Net Receipt)	4,500,000	4,100,000	400,000	350,000
Crown Lands	280,000	290,000	...	...
Receipts from Sundry Loans	1,898,289	2,003,114	...	2,043
Miscellaneous Receipts	4,496,750	1,884,912	40,957	18,978
Total Ordinary Revenue.....	154,731,019	145,282,028	12,388,957	13,935,121
SELF-BALANCING REVENUE				
Post Office	15,700,000	16,700,000	700,000	750,000
Motor Vehicle Duties apportioned to Road Fund	3,908,000	3,990,000	271,000	140,000
Total Self-balancing Revenue.....	19,608,000	20,690,000	971,000	890,000
Total	174,339,019	165,972,028	13,359,957	14,825,121



EXPENDITURE	Total Issues out of the Exchequer to meet Payments from			
	April 1, 1935, to July 13, 1935	April 1, 1936, to July 11, 1936	Week ended July 13, 1935	Week ended July 11, 1936
ORDINARY EXPENDITURE				
Interest and Management of National Debt	85,247,389	84,040,084	568,539	2,452,388
Payments to Northern Ireland Exchequer	1,382,357	1,490,449	...	...
Other Consolidated Fund Services	1,151,463	922,679	201,403	229,614
Post Office Fund	...	...	...	...
Total	87,781,209	86,453,212	767,942	2,682,002
Total Supply Services (excluding Post Office)	127,843,000	135,825,000	5,400,000	7,734,000
Total Ordinary Expenditure	215,624,209	222,278,212	6,167,942	10,416,002
SELF-BALANCING EXPENDITURE				
Post Office	15,700,000	16,700,000	700,000	750,000
Road Fund	3,908,000	3,990,000	271,000	140,000
Total Self-Balancing Expenditure ...	19,608,000	20,690,000	971,000	890,000
Total	235,232,209	242,968,212	7,138,942	11,306,002

The aggregate revenue from April 1 to July 11, 1936, is shown below:—

		(000's omitted)	
Expenditure	222,278	Revenue	145,282
		Decrease in balances	43
		Gross borrowing.....	£78,833
		Less:	
		New Sinking Fund*....	1,880
		Net borrowing	76,953
	222,278		222,278

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1936 by borrowing.

POSITION OF THE FLOATING DEBT		Movement week ended July 11, '36	
July 13, '35	Mar. 31, '36	July 11, '36	July 11, '36
Ways and Means Advances Outstanding	£	£	£
Advances by Bank of England.....	21,900,000	19,055,000	27,370,000
Advances by Public Departments...	887,200,000	763,115,000	806,245,000*
Treasury Bills outstanding.....	5,420,000	5,420,000	5,420,000
Total Floating Debt	909,100,000	782,170,000	833,615,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury bills were opened on July 10, 1936, and the total amount applied for was £76,605,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 0d., about 66 per cent. and above in full; Saturday, at £99 17s. 1d., and above in full. The average rate per cent. was 11s. 9.41d. The amount allotted was £50,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11.5
April 6	40,000,000	80,390,000	38,000,000	0 17 9.01
July 6	35,000,000	62,745,000	32,000,000	0 16 4.14
October 5	35,000,000	65,260,000	31,510,000	0 15 9.702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1.64
April 5	40,000,000	76,095,000	40,000,000	0 10 2.89
July 5	40,000,000	80,805,000	40,000,000	0 12 4.32
October 4	45,000,000	71,245,000	44,000,000	0 12 8.05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10.72
April 3	40,000,000	76,280,000	40,000,000	0 10 2.78
June 28	50,000,000	67,555,000	50,000,000	0 12 7.80
July 3	50,000,000	72,750,000	50,000,000	0 12 1.27
July 10	50,000,000	76,605,000	50,000,000	0 11 9.41

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended June 13, 1936	618,442	£48,831
Week ended June 20, 1936	610,400	£47,800
February, 1916, to June 20, 1936	1,262,946,740	£93,647,868

At the end of March, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,448,511.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, July 15, 1936

ISSUE DEPARTMENT

Notes Issued :—	£		£
In Circulation	443,258,762	Government Debt	11,015,100
In Banking Department.....	47,735,642	Other Government Securities	247,971,053
		Other Securities	277,880
		Silver Coin	735,967
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	230,994,404
	490,994,404		490,994,404

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	96,813,310
Reserves	3,514,437	Other Securities	247,971,053
Public Deposits	20,391,831	Discounts and Advances	£5,864,044
Other Deposits		Securities	£18,407,490
Bankers' deposits	£90,637,413	Notes	24,271,534
Other Accounts	£40,683,690	Gold and Silver Coin	859,895
			169,780,371
			169,780,371

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

Both Departments	Amount, July 15, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	443,258,762	+ 152,839	+ 43,691,075
Public deposits	20,391,831	+ 9,871,035	+ 12,508,558
Bankers' deposits	90,637,413	+ 6,066,315	+ 12,944,947
Other deposits	40,683,690	+ 2,317,491	+ 1,838,914
Total outside liabilities	594,971,696	+ 6,274,850	+ 45,088,600
Capital and rest	18,067,437	+ 19,404	+ 6,231
Government debt and securities	355,799,483	+ 152,642	+ 6,275,312
Discounts and advances	5,864,044	+ 119,267	+ 3,412,857
Other securities	18,885,370	+ 1,178,493	+ 4,460,766
Silver coin in issue department	735,967	+ 614	+ 950,807
Coin and bullion (bank's reserves)	231,954,289	+ 5,387,056	+ 38,714,855
Reserves of notes and coin in banking department	48,695,527	+ 5,234,417	+ 4,976,120
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	32.1%	+ 2.3%	+ 3.6%
(b) Gold stocks to deposits and notes ("reserve ratio")	39.0%	+ 0.5%	+ 3.9%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936	£	£	£	£	£	£	%
June 24	476,326	434,789	20,047	90,822	37,374	4,467 in	2 1/2
July 1	481,112	439,642	9,910	111,707	39,766	4,786 in	2 1/2
" 8	485,801	443,106	10,521	96,704	38,366	4,489 in	2 1/2
" 15	490,994	443,259	20,392	90,637	40,684	5,394 in	2 1/2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"
1936		£		%	£	£	£	%
June 24	259,139	96	217,276	37 1/2	99,803	7,841	18,455	42,487 28
July 1	259,142	96	222,070	36 1/2	110,403	10,626	15,920	42,428 26
" 8	259,194	71	226,587	38 1/2	96,758	5,983	17,436	43,461 29
" 15	258,986	278	231,954	39	96,813	5,864	18,407	48,698 32

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BANKERS' CLEARING RETURNS

LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to July 1	16,876,514	1,013,306	1,741,834	19,631,454
Week ended July 8	679,125	52,085	93,055	824,265
Week ended July 15	630,373	40,419	67,494	738,286
Total to date, 1936	18,186,012	1,105,810	1,902,183	21,194,005
Total to date, 1935	18,106,279	1,042,237	1,758,788	20,907,304
Increase or decrease in 1936	+ 79,733	+ 63,573	+ 143,395	+ 286,701
	+ 0.4%	+ 6.1%	+ 8.2%	+ 1.4%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	+ 5.5%	+ 7.2%	+ 8.1%	+ 5.8%

PROVINCIAL
(000's omitted)

	Week ended July 11		Month of June			Aggregate Total January 1 to July 11	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days :	£	£	24 £	25 £	%	£	£
BIRMINGHAM	2,403	2,661	10,844	9,988	- 8·1	67,040	71,969
BRIGHTON	808	903	3,288	3,582	+ 9·2	24,482	27,204
BRISTOL	1,199	1,199	4,636	4,905	+ 5·8	34,781	34,885
DUBLIN	4,867	5,008				151,253	159,794
HULL	699	815	2,865	3,221	+ 12·4	20,281	22,578
LEEDS	666	667	3,414	3,455	+ 1·2	25,657	25,726
LEICESTER	722	622	2,583	2,802	+ 8·4	18,677	20,231
LIVERPOOL*	5,537	6,061	21,131	23,279	+ 10·1	161,691	167,001
MANCHESTER	9,315	9,624	37,864	39,719	+ 4·8	274,589	277,966
NEWCASTLE	1,263	1,226	5,806	5,336	- 8·0	38,414	35,857
NOTTINGHAM	457	465	1,924	1,808	- 6·0	13,129	14,124
SHEFFIELD	795	773	3,450	4,119	+ 19·3	23,845	27,345
	28,731	30,024	97,605	102,224	+ 4·7	851,789	884,710

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the Economist for November 9, Denmark, in June 13, Egypt, in June 27, Argentina, in July 4, Estonia, International Settlements, Poland, Sweden, Turkey, Latvia, Austria, Spain and Portugal, in July 11.

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

	July 18, 1935	June 25, 1936	July 2, 1936	July 9, 1936	July 16, 1936
U.S.F.R. BANKS					
RESOURCES					
Gold Certificates on hand and due from the Treasury	8,226,200	7,958,040	8,106,540	8,106,570	8,186,520
Total cash reserves	8,498,590	8,243,250	8,385,730	8,390,120	8,486,720
Total bills discounted	251,850	272,840	266,240	271,010	287,850
Total bills on open market	6,680	6,190	4,220	3,300	2,900
Industrial advances	4,680	3,080	3,080	3,080	3,080
Total bills on hand	11,340	9,270	7,300	6,380	5,880
Industrial advances	28,270	29,940	29,780	29,500	29,480
Total U.S. Govt. securities	2,430,250	2,430,230	2,430,230	2,430,230	2,430,230
Total bills and securities	2,469,860	2,469,620	2,467,490	2,466,290	2,465,850
Total resources	9,931,030	11,366,920	11,642,480	11,564,280	11,751,470
Federal Reserve notes in actual circulation	3,258,420	3,980,020	4,046,090	4,040,330	4,006,010
Aggregate of excess member-bank reserves over requirements	...	2,440,000	2,670,000	2,890,000	2,920,000
Deposits — Member-bank —					
reserve account	4,924,400	5,307,950	5,589,130	5,814,250	5,871,750
Government deposits	250,870	229,070	731,020	508,640	592,500
Total deposits	5,175,270	5,537,020	6,320,150	6,322,890	6,464,250
Capital paid in and surplus	312,790	302,890	302,960	303,000	301,840
Total liabilities	9,631,030	11,366,920	11,642,480	11,564,280	11,751,470
Ratio of total reserves to deposit and F.R. note liabilities combined	74.4%	78.7%	78.9%	79.0%	79.0%
U.S.F.R. BANKS					
RESOURCES					
Monetary Gold Stock	9,127,000	10,600,000	10,612,000	10,622,000	10,629,000
Treasury and National Bank Currency	2,501,000	2,500,000	2,498,000	2,498,000	2,496,000
LIABILITIES					
Money in Circulation	5,530,000	6,173,000	6,250,000	6,242,000	6,190,000
Treasury Cash and Deposit with Federal Reserve Banks	3,086,000	3,577,000	3,232,000	3,015,000	3,021,000

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

	July 18, 1935	June 25, 1936	July 2, 1936	July 9, 1936	July 16, 1936
Total gold reserves	2,457,160	3,064,650	3,161,450	3,067,030	3,161,780
Total bills discounted	4,450	3,600	2,630	2,400	2,100
Bills bought in open market	1,790	1,090	1,090	1,100	1,100
Total U.S. Govt. securities	744,320	729,380	680,560	680,560	680,560
Total bills and securities	757,460	741,440	671,610	671,400	671,060
Deposits — Member-bank —					
reserve account	2,066,860	2,235,580	2,342,710	2,470,930	2,553,780
Ratio of total res. to dep. and Federal Res. note liabilities combined	78.2%	82.2%	84.1%	83.8%	83.9%

FEDERAL RESERVE REPORTING MEMBER BANKS
In \$'s (000,000's omitted)

	July 3, 1935	June 3, 1936	June 10, 1936	June 17, 1936	June 24, 1936	July 1, 1936
Loans	8,037	8,626	8,577	8,588	8,596	8,460
Investments	11,791	13,514	13,566	14,121	14,124	14,169
Reserve with Federal Reserve Bank	3,875	4,594	4,744	3,937	4,282	4,487
Due from banks	2,095	2,363	2,359	2,201	2,235	2,470
Demand deposits	12,921	14,877	14,877	14,431	14,563	14,679
Time deposits	4,970	5,035	5,033	5,032	5,059	5,011
Government deposits	400	742	882	882	848	839
Due to banks	5,053	5,092	5,083	5,028	5,004	4,445

† Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balance JUNE, 1936	Barclays Bank Limited	Coutts and Co.	District Bank Limited	Glyn, Mills and Co.	Lloyds Bank Limited	Martins Bank Limited	Midland Bank Limited	National Bank Limited	National Provin- cial Bank Limited	West- minster Bank Limited	Williams Deacon's Bank Limited	Aggre- gate
ASSETS	£	£	£	£	£	£	£	£	£	£	£	£
Coin, bank notes and balances with the Bank of England	42,970	1,935	7,344	3,841	38,698	9,406	47,819	3,365	30,533	35,397	3,681	224,989
Balances with and cheques in course of collection on other banks in Great Britain and Ireland ...	11,012	736	2,145	1,287	10,733	3,085	14,873	261	6,948	9,368	1,609	62,057
Items in transit.....	...	...	...	...	4,047	747	...	...	...	...	...	4,794
Money at call and short notice	24,565	3,236	6,312	7,712	24,480	4,935	26,662	5,545	24,373	23,862	6,512	158,194
Bills discounted	65,283	1,899	6,706	353	61,565	5,991	83,478	1,489	44,436	56,669	1,084	328,953
Investments	110,059	8,620	29,227	11,270	104,590	35,781	119,226	15,287	89,449	106,271	11,683	641,463
Advances to customers and other accounts ...	171,597	8,508	26,652	14,423	156,977	34,974	191,569	14,794	118,383	123,264	12,438	873,579
Liabilities of customers for acceptances, end- orsements, etc.	7,841	526	5,577	1,506	30,925	5,505	17,229	94	8,599	24,468	1,683	103,953
Bank premises account...	7,610	412	1,565	740	7,780	2,567	10,209	740	7,364	5,504	1,048	45,539
Investments in affiliated banks and subsidiary companies	7,008	...	...	...	5,005	...	7,579	...	2,514	2,992	...	25,098
	447,945	25,872	85,528	41,132	444,800	102,991	518,644	41,575	332,599	387,795	39,738	2,468,619
Ratio of cash to current, deposit and other ac- counts	10.38	8.29	9.92	10.17	9.93	10.43	10.05	8.96	9.96	10.27	10.40	10.10
LIABILITIES												
Capital paid up'	15,858	1,000	2,976	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	77,286
Reserve fund	10,250	1,000	2,976	530	8,500	3,100	11,500	1,100	8,000	9,320	800	57,076
Current, deposit and other accounts	413,996	23,346	73,999	37,766	389,558	90,207	475,667	37,563	306,521	344,673	35,380	2,228,676
Acceptances, endorse- ments, etc.	7,841	526	5,577	1,506	30,925	5,505	17,229	94	8,599	24,468	1,683	103,953
Notes in circulation	...	...	...	...	7	19	...	1,318	...	14	...	1,358
Reduction of bank pre- mises account	...	...	...	270	...	...	...	...	...	...	...	270
	447,945	25,872	85,528	41,132	444,800	102,991	518,644	41,575	332,599	387,795	39,738	2,468,619

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

Assets	July 12, 1935	June 19, 1935	June 26, 1935	July 3, 1935	July 10, 1935
Gold	71,351,359	53,552,610	53,998,768	54,340,500	54,606,761
Advances on Gold Coin	1,194,907	1,316,329	1,286,084	1,284,743	1,277,733
Commercial Bills	7,037,817	7,622,487	7,763,788	6,844,259	6,419,706
Treasury Bills	13,833,423	13,796,955	11,709,398	10,644,398	10,644,398
Bills bought abroad	979,310	1,263,485	1,260,666	1,257,755	1,257,755
Advances on securities	4,117,649	4,286,158	4,488,104	4,850,253	4,754,238
Loans to State without interest—					
(a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(b) provisional	—	—	536,468	3,624,025	4,439,025
Negotiable Bonds	—	—	—	—	—
Sinking Fund Dept.	5,804,935	5,707,677	5,707,587	5,707,587	5,707,587
Other assets (excluding forward exch.)	3,777,455	3,810,635	3,548,762	3,748,891	3,907,325
LIABILITIES					
Notes in circulation	81,728,581	84,803,701	85,106,243	86,448,319	86,090,396
Public deposits	3,030,433	1,214,408	1,304,632	1,402,832	1,427,503
Private deposits	10,293,816	6,179,665	6,359,893	5,957,749	6,026,436
Other liabilities	2,409,192	2,798,030	2,619,303	2,761,423	2,670,092
Ratio of gold reserve to sight liabilities	74.9%	58.5%	58.1%	57.9%	58.3%

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

Assets	July 11, 1935	June 11, 1935	June 18, 1935	June 24, 1935	July 2, 1935	July 9, 1935
Gold	3,551,630	3,697,954	3,728,566	3,762,158	3,749,925	3,743,998
Silver and other coin	58,905	59,846	63,112	61,481	57,159	53,748
Securities	1,415,513	1,363,972	1,378,964	1,401,689	1,396,937	1,409,843
Advances	125,020	81,790	80,224	78,428	83,827	81,174
LIABILITIES						
Notes in circulation	4,096,793	4,327,029	4,325,512	4,353,539	4,413,362	4,424,956
Deposits: Govt.	20,722	17,950	18,234	18,234	17,212	18,510
Other	1,237,426	1,050,951	1,090,968	1,129,253	1,098,467	1,034,107

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

Assets	July 15, 1935	June 15, 1935	June 22, 1935	June 29, 1935	July 6, 1935	July 13, 1935
Gold	685,699	588,823	588,920	594,200	611,233	644,471
Silver	22,420	20,678	21,372	21,231	20,545	—
Home bills discounted	55,633	48,710	48,652	45,841	42,317	40,111
Loans and advances in current account	135,412	132,678	132,732	144,090	136,528	126,446
LIABILITIES						
Notes in circulation	821,659	752,323	742,591	767,067	769,862	758,057
Deposits	69,500	61,577	72,028	61,538	63,929	74,810

BANK OF JAPAN.—In yen (000's omitted)

Assets	July 13, 1935	June 13, 1935	June 20, 1935	June 27, 1935	July 4, 1935	July 11, 1935
Gold and silver	120,490	108,250	108,450	107,530	108,070	107,740
Discounts, advances and other investments	75,260	76,920	72,500	72,180	77,180	75,150
Foreign bills	2,790	1,080	1,860	1,810	2,700	2,580
Other assets	12,640	10,490	10,200	10,940	10,700	10,790
LIABILITIES						
Notes in circulation	179,100	161,510	157,270	156,330	158,940	160,870
Deposits and bills payable	26,890	22,770	23,300	23,070	27,160	23,690

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

Assets	July 6, 1935	June 6, 1935	June 13, 1935	June 20, 1935	June 27, 1935	July 4, 1935	July 11, 1935
Gold	1,220,854	1,425,791	1,405,863	1,404,108	1,407,044	1,413,216	1,413,216
Of which held abroad	92,735	198,216	173,287	171,530	174,083	180,911	180,911
Discounts	149,738	77,851	78,063	79,021	101,041	94,103	94,103
Bills of the Confederation	62,252	58,090	56,800	56,800	59,850	55,200	55,200
Advances	114,015	67,544	66,568	68,332	88,511	74,917	74,917
Securities	58,365	46,099	45,899	45,899	45,479	45,471	45,471
LIABILITIES							
Notes in circulation	1,273,602	1,265,511	1,241,607	1,234,633	1,300,978	1,270,190	1,270,190
Deposits	323,438	343,691	342,491	354,946	339,611	346,206	346,206

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

Assets	July 8, 1935	June 8, 1935	June 15, 1935	June 22, 1935	June 29, 1935	July 6, 1935	July 13, 1935
Gold and bullion (gold reserve)	118,831	118,866	118,866	118,866	118,866	118,866	118,866
Balance abroad and foreign bills	42,208	66,913	67,088	65,493	71,183	71,183	71,183
Funds provisionally placed in gold, not included in the gold reserve	—	—	—	—	—	—	—
Norwegian and foreign governments securities	35,908	41,151	40,678	41,451	41,451	41,442	41,442
Discounts and loans	206,391	191,103	185,951	189,564	216,251	216,251	216,251
LIABILITIES							
Notes in circulation	327,829	363,528	365,009	375,861	373,091	373,091	373,091
Deposits at sight	75,896	83,093	86,332	76,110	113,623	113,623	113,623

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

Assets	July 7, 1935	June 7, 1935	June 14, 1935	June 21, 1935	June 28, 1935	July 5, 1935	July 12, 1935
Metal reserve—							
Gold coin and bullion	78,936	78,936	78,936	78,936	78,936	78,936	78,936
Foreign Exchange	21,119	26,598	26,598	26,598	26,598	26,598	26,598
Token money	11,201	12,373	12,373	12,373	10,757	10,089	10,089
Inland bills, warrants and securities	482,253	455,733	456,213	499,399	452,104	452,104	452,104
Advances to Treasury	65,796	83,072	86,570	90,068	88,695	88,695	88,695
LIABILITIES							
Notes in circulation	352,280	333,992	327,553	393,201	361,065	361,065	361,065
Current accounts, deposits, etc.	88,853	141,388	152,034	133,599	118,434	118,434	118,434
Cash certificates	109,065	97,668	97,668	97,668	97,668	97,668	97,668
Other liabilities	152,240	167,333	167,135	164,477	164,979	164,979	164,979

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)

Assets	July 7, 1935	June 7, 1935	June 14, 1935	June 21, 1935	June 28, 1935	July 5, 1935	July 12, 1935
Gold	2,691,213	2,696,777	2,697,664	2,697,286	2,697,286	2,697,286	2,697,286
Balance abroad and foreign currency	311,584	33,626	36,094	30,201	25,177	25,177	25,177
Discounts and advances	1,017,714	1,513,970	1,613,046	1,922,165	1,825,328	1,825,328	1,825,328
State notes debt balance	2,071,387	2,036,851	2,036,742	2,036,611	2,036,114	2,036,114	2,036,114
LIABILITIES							
Bank notes in circulation	5,681,664	5,551,427	5,323,845	5,701,104	5,698,418	5,698,418	5,698,418
Check account balances	705,472	615,728	946,553	851,145	713,735	713,735	713,735

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

Assets	July 15, 1935	June 22, 1935	June 30, 1935	July 8, 1935	July 15, 1935
Cash reserve—					
Gold at home and abroad	1,349,829	1,529,021	1,530,803	1,532,527	1,532,527
Foreign exchange	35,116	9,506	17,192	14,603	14,603
Other foreign exchange	183,558	408,968	422,200	431,371	431,371
Bills and advances against security	1,773,928	1,590,190	1,606,169	1,606,112	1,606,112
Government advances	1,691,539	1,690,777	1,690,877	1,690,927	1,690,927
LIABILITIES					
Notes in circulation	4,478,331	4,698,077	4,833,480	4,819,885	4,819,885
Sight deposits	1,283,919	1,753,885	1,615,586	1,641,655	1,641,655
Time deposits	280,650	50,000	50,000	50,000	50,000

NATIONAL BANK OF ROMANIA.—In lei (000's omitted)

Assets	June 22, 1935	May 30, 1935	June 13, 1935	June 20, 1935	June 27, 1935
Gold and gold exchange	10,634,375	11,004,671	11,015,518	11,029,424	11,029,424
Commercial bills	4,943,613	5,237,609	5,218,406	5,234,974	5,234,974
Agric. and urban advances	2,763,005	2,445,259	2,441,613	2,439,297	2,439,297
Treasury bills issued against losses on credits	4,402,693	5,554,033	5,554,731	5,555,855	5,559,431
State debt advances to Treasury	5,654,992	5,638,745	5,638,745	5,638,745	5,638,745
LIABILITIES					
Notes in circulation	21,187,171	21,982,645	22,093,951	21,967,143	22,143,669
Other sight liabilities	8,561,553	8,779,697	8,663,139	8,763,421	8,721,410
Long-term liabilities	3,041,428	4,503,348	4,353,378	4,377,311	4,385,857

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

Assets	June 23, 1935	May 31, 1935	June 15, 1935	June 22, 1935	June 29, 1935
Gold and silver holdings	1,582,875	1,608,955	1,606,955	1,606,955	1,606,955
Balance abroad and foreign currencies	362,402	488,899	510,018	455,215	445,302
Discounts and advances	929,026	1,385,088	1,388,962	1,388,132	1,389,616
Advances to the Treasury	2,697,819	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES					
Reserves	1,259,598	1,246,859	1,246,859	1,245,889	1,245,713
Bank notes in circulation	2,064,778	2,246,503	2,229,512	2,188,381	2,144,908
Sight liabilities	2,307,022	2,180,711	2,224,013	2,269,187	2,329,385
Deposits	129,013	123,777	123,777	123,777	123,686

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

Assets	June 30, 1935	June 15, 1935	June 30, 1935	June 15, 1935	June 30, 1935
Gold and gold exchange	3,526,976	3,193,344	3,127,755	3,055,407	3,034,028
State Gold Bonds	575,035	566,697	566,697	566,697	566,697
Bills discounted	271,553	284,177	283,445	282,703	286,175
Advances	2,568,932	4,966,004	5,255,983	5,278,931	5,368,281
State Debt	2,714,111	3,805,111	3,605,111	3,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,417,428	5,681,087	5,632,586	5,584,555	5,608,441
Deposits and current accounts	3,848,558	6,179,925	6,484,942	6,521,307	6,530,334
Foreign exchange liabilities	113,881	239,091	207,917	200,324	193,269

BANK OF FINLAND.—In F. Marks (000's omitted)

Assets	July 8, 1935	June 15, 1935	June 22, 1935	June 30, 1935	July 8, 1935
Gold	324,763	513,755	519,973	531,055	538,427
Balance abroad and foreign bills	1,432,770	1,248,378	1,207,346	1,207,451	1,203,493
Finland and Foreign bonds	408,439	401,877	399,477	404,084	399,951
Discounts and loans	839,198	974,815	967,273	965,520	938,989
LIABILITIES					
Notes in circulation	1,300,345	1,484,625	1,421,258	1,465,032	1,432,617
Deposits at notice	530,261	657,211	654,895	619,998	766,951

BANK OF LITHUANIA.—In lt. (000's omitted)

BANK OF MICHIGAN						
	June 30, 1935	Apr. 30, 1935	May 15, 1935	May 31, 1935	June 15, 1935	June 30, 1935
ASSETS						
Gold	43,403	52,093	53,498	53,679	58,988	58,981
Silver and other coins	8,777	9,411	9,433	8,428	4,738	5,054
Foreign currency	6,414	15,083	14,772	14,789	9,975	9,978
Discounts	85,468	73,175	69,870	68,109	66,354	66,747
Advances	11,494	12,765	12,851	12,394	12,479	12,480
LIABILITIES						
Bank notes in circulation	92,645	107,325	103,250	107,715	103,552	102,946
Current accounts	25,415	31,398	32,405	29,226	32,923	33,181
Deposits	25,192	18,388	17,761	15,837	16,441	14,418

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended July 16, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD

Gold Imported into Great Britain and Northern Ireland, week ended July 16, 1936			Gold Exported from Great Britain and Northern Ireland, week ended July 16, 1936		
From	Bullion*	Coin†	To	Bullion*	Coin†
British W. Africa	123,169	£	British India	£	£ 8,000
British S. Africa	1,702,008	...	Finland	67,433	...
Tanganyika	5,277	...	Netherlands	469,004	5,203
Kenya	5,333	...	France	21,532	6,280
British India	502,157	...	Switzerland	123,500	1,900
Australia	26,224	...	U.S.A.	26,650	8,433
New Zealand	12,522	...	Other countries	139	...
Canada	30,000	...			
British Guiana	8,655	...			
Poland (including Danzig)	16,898	...			
Germany	403,280	...			
Netherlands	8,249	240			
France	5,078,741	6,975			
Switzerland	70,366	1,100			
Venezuela	10,631	12,907			
Other countries	4,408	15			
		952			
Totals	7,967,019	38,330	Totals	708,258	21,388
		46,427			37,240

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended July 16, 1936			Silver Exported from Great Britain and Northern Ireland, week ended July 16, 1936		
From	Bullion*	Coin†	To	Bullion*	Coin†
Canada	2,191	£	British India	£	£
Trinidad & Tobago	30,200	...	Straits Settlements	119,940	5,952
Paraguay (inc. Danzig)	62	...	Sweden	28,790	...
Germany	8,554	106	Netherlands	2,515	...
Netherlands	1,850	106	France	6,415	...
Belgium	7,207	97	Egypt	3,040	...
France	11,452	130	U.S.A.	22	...
Switzerland	64,894	9	Other countries	2,404	112
Japan	1,000	...			
Other countries	204	...			
Totals	96,157	31,200	Totals	192,324	6,064
		681			

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

ARRIVALS		WITHDRAWALS	
1936	July 10 to July 16, 1936 (inclusive)	1936	July 10 to July 16, 1936 (inclusive)
11 Bar Gold	1,406,045	Nil	Nil
13 Bar Gold	1,070,358	Nil	Nil
14 Bar Gold	752,196	Nil	Nil
15 Bar Gold	1,506,541	Nil	Nil
16 Bar Gold	4,589	Nil	Nil
Total	6,041,443	Nil	Nil
Movement during year 1935	£6,041,443		
Movement during 1936 (January 1 to July 16, 1936, inclusive)	£7,745,822		
Movement April 29, 1925, to July 16, 1936 (inclusive)	£32,245,015		
Movement September 21, 1931 (gold standard suspended) to July 16, 1936 (inclusive)	£73,202,212		
	£95,607,664		

GOLD MARKET

Messrs Samuel Montagu and Company write on July 15, 1936, as follows:—
The Bank of England gold reserve against notes amounted to £225,600,525 on the 8th inst., as compared with £221,111,585 on the previous Wednesday. Further large purchases of bar gold were announced by the Bank, and the total amount bought during the week under review was £5,393,875. In the open market offerings were on rather a larger scale, about £2,140,000 being disposed of at the daily fixing. Buying was mainly for a special quarter, and the fixed prices included a good premium over gold exchange parities.
Quotations during the week:—

	Per fine ounce	Equivalent value of £ sterling
July 9	139s. 1d.	12s. 2.60d.
" 10	139s. 0d.	12s. 2.68d.
" 11	138s. 8d.	12s. 3.04d.
" 13	138s. 8½d.	12s. 2.99d.
" 14	138s. 10d.	12s. 2.86d.
" 15	139s. 0d.	12s. 2.68d.
Average	138s. 10.58d.	12s. 2.81d.
July 16	138s. 11d.	12s. 2.77d.

Gold shipments from Bombay last week amounted to about £1,069,000. The s.s. "Rawal Pindi" carries £889,000 consigned to London, and the s.s. "President Polk" £180,000 consigned to New York.

SILVER MARKET

The market has been quiet, and although prices have been inclined to fluctuate, the tone has been fairly steady.
Sales on China account have continued, and the Indian Bazaars have made some resales, whilst speculators have both bought and

sold. The Indian Bazaars have also given support, buying for prompt shipment, and also for forward delivery.

There have been no new features and, for the near future, no wide movement from the present level is anticipated.

Quotations during the week:—

IN LONDON		IN NEW YORK	
Bar silver per oz. std.		Cents per Ounce	
Cash	Two Months'		
delivery	delivery		
July 9	19½d.	July 8	45
" 10	19½d.	" 9	45
" 11	19½d.	" 10	45
" 13	19½d.	" 11	45
" 14	19½d.	" 13	45
" 15	19½d.	" 14	45
Average	19.677d.	19.719d.	
July 16	19½d.	19½d.	

The highest rate of exchange on New York recorded during the period from the 9th instant to the 15th instant was \$5.03 and the lowest \$5.01½.

COMPANY NEWS

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended July 10, 1936		(c) Week ended July 11, 1936		Aggregate Gross Receipts 1936 compared with 1935 (28 weeks)	
Miles Open	Gross Receipts, week ended July 12, 1936 (£'000)	Miles Open	Gross Receipts, week ended July 13, 1936 (£'000)	Passenger	Merchandise
				£'000	£'000
Great Western	1936 3,748	1935 3,748	1936 3,748	1935 3,748	1935 3,748
(c) L. & N.	1936 6,332	1935 6,332	1936 6,332	1935 6,332	1935 6,332
Eastern	1936 6,338	1935 6,338	1936 6,338	1935 6,338	1935 6,338
L. M. & S.	1936 6,917	1935 6,917	1936 6,917	1935 6,917	1935 6,917
Scottish	1936 6,925	1935 6,925	1936 6,925	1935 6,925	1935 6,925
Southern	1936 2,154	1935 2,154	1936 2,154	1935 2,154	1935 2,154
Total	1936 19,149	1935 19,149	1936 19,149	1935 19,149	1935 19,149
(b) Belfast & Co. Down	1936 80	1935 80	1936 80	1935 80	1935 80
(b) Great Northern	1936 543	1935 543	1936 543	1935 543	1935 543
(b) Great Southern	1936 2,076	1935 2,076	1936 2,076	1935 2,076	1935 2,076

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935 (000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1935, compared with second half-year, 1934:				
Gross increase or decrease	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year, 1935:				
Gross increase or decrease	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935:				
2 weeks to July 12, 1936	+ 2	+ 117	+ 40	+ 22
Weekly average second half 1936	+ 1	+ 58½	+ 20	+ 11
Latest week 1936 compared with 1935	- 10	- 2	+ 20	- 2

LONDON TRANSPORT

	Week ending July 11, 1936	Aggregate 2 weeks to July 11
*Takings	£562,400	£1,124,800
Aggregate 2 weeks to July 11	£1,138,200	£2,276,400

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.
Note.—The receipts for 1936 include receipts of the bus undertakings not absorbed by London Transport in the corresponding period of the previous year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available. The receipts for the week are comparable without adjustment.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Gross Receipts for Week	Gross Aggregate Receipts
			1936	+ or -
INDIAN				
Assam Bengal	12	June 20	1,330	Rs. 14,79,700
Baru L. Ry.	12	June 20	292	Rs. 36,39,300
Bengal & N. Western	13	June 20	292	Rs. 3,71,000
Bombay, Bar. & C.I.	13	June 20	292	Rs. 3,71,000
Bombay, Bar. & C.I.	13	June 20	292	Rs. 3,71,000
Madras & S. Mah.	13	June 20	292	Rs. 3,71,000
Rohilk'd & Kumaon	13	June 20	292	Rs. 3,71,000
Southern Indian	12	June 20	292	Rs. 3,71,000

CANADIAN		1936	1935	1934
Canadian National	26	July 7	2,361,7	2,312,113
Canadian Pacific	26	July 7	2,361,7	2,312,113

SOUTH AMERICAN

Company	1936	1935	1934	1933	1932
Antofagasta (Chili and Bolivia)	28	July 12	834	£13,820	£378,560
Argentine N.E.	2	11	753	£134,000	£221,100
B.A. and Pacific	2	11	2,806	£1,226,800	£1,961,300
B.A. Central	52	June 27	...	£11,700	£5,500
B.A. Gt. Southern	2	July 11	5,084	£105,269	£89,000
B.A. Western	2	11	1,930	£652,000	£89,000
Central Argentine	2	11	3,700	£2,209,850	£80,150
Central Uruguay	1	4	273	£129,382	£4,253
C. Urg. (East Ext.)	1	4	185	£1,806	£541
C. Urg. (N. Ext.)	1	4	211	£1,063	£398
C. Urg. (W. Ext.)	1	4	211	£1,063	£398
Cordoba Central	2	11	1,218	£589,000	£20,000
Entre Rios	2	11	810	£179,800	£18,400
G. Westn. of Brazil	28	11	1,082	£10,573	£1,118
Leopoldina	28	11	1,918	£20,160	£1,881
Leopoldina Termal	28	11	1,918	£20,160	£1,881
Nitrate	6†	June 30	401	£5,858	£449
Paraguay Central	2	July 10	274	£2,579,000	£655,000
Salvador	2	11	100	£9,815	£3,183
Sao Paulo	27	5	153†	£31,050	£2,439
United of Havana	2	11	1,353	£15,693	£4,711

* Converted at average official rate during week ended July 11—17.08 pesos to the £.
† Receipts in Argentine pesos.
‡ Free market rate.
§ Converted at official rate.
¶ Converted at the "free" rate as a result of a decision of the High Court.
|| 4 days.
‡ Year ended June 30.

OTHER OVERSEAS

Company	1936	1935	1934	1933	1932
Egyptian Delta Light Railways	12	June 30	621	£15,883	£962
Egyptian Markets	27	July 9	...	£1,436	£57
Gr. South of Spain	28	4	104	Ps. 26,573	892
Mexican Railway	28	7	483	£216,300	£23,700

SUEZ CANAL RECEIPTS

Suez Canal	1936	1935	1934	1933	1932
...	26	June 30	...	£18,910,000	£12,430,680,000

TRAMWAYS WEEKLY GROSS RECEIPTS

Company	1936	1935	1934	1933	1932
Anglo-Argentine	27	July 8	328	£662,828	£2,287
B. Aires Lacroze	52	June 28	...	£93,623	£15
Burnley, Colne and Nelson J. Trst.	1	July 11	76	£3,352	£106
Calcutta Tramways	28	11	...	Rs. 1,16,613	£3,791
Ile of Thanet Elec.	28	1	...	£3,952	£168
Liverpool Corp.	14	8	...	£30,502	£20
Madras Electric	6†	June 30	...	Rs. 44,809	£4,721

MONTHLY TRAFFICS

Company	Months	Ending	De-scription	Receipts for Month	Receipts to Date
				1936	+ or -
Catalinas Warehouses	6	June 30	Gross	£1,983	- 807
Doroda Railway Co.	6	June 30	Gross	£13,600	+ 1,800
Doroda Ropeway	6	June 30	Gross	£4,700	- 500
Kalgoorlie Elec. Tram.	4	Apr. 30	Gross	£2,592	...
LaGuaira Harbour	6	June 30	Gross	£14,196	+ 3,009
Mashonaland	5	May 31	Gross	£105,936	- 19,948
Paraguay Uruguay	12	June 30	Gross	£74,700	+ 12,181
Midland Western of Uruguay	12	June 30	Gross	£18,500	+ 2,061
Rhodesia	6	May 31	Gross	£182,817	- 15,586
Uruguay Northern	12	June 30	Gross	£7,700	+ 928
Zafra and Huelva	5	May 31	Gross	Ps. 220,518	- 50,686

* "Controlled free" rate.

SUMMARY OF BALANCE SHEETS

MARTINS BANK, LIMITED

LIABILITIES		ASSETS	
June 30, 1935	June 30, 1936	June 30, 1935	June 30, 1936
£20 shares, £2½ paid	2,348,890	Cash in hand and	2,348,890
£1 shares fully paid	1,811,152	with Bank of Eng-	1,811,152
Reserve fund	3,000,000	land	9,193,565
Current, deposit and other accounts	85,725,925	other British banks	10,018,826
Notes in circulation (Isle of Man)	18,866	Money at call, etc.	4,171,191
Acceptances	2,303,601	Balance with banks abroad	4,843,000
Endorsements	3,066,008	Treasury bills	3,693,603
		Investments	34,319,200
		British bills of exchange	1,045,975
		Colonial and foreign bills	92,330
		Loans and advances	31,205,742
		Items in transit	720,895
		Other assets	495,742
		Acceptances	2,303,601
		Bank premises	2,831,361
		Endorsements	3,066,008
Total	98,272,442	Total	98,272,442

* Includes £2,559,648 first class securities maturing within six months.

ELECTRICAL ENERGY AT ECONOMIC RATES IN NORTH-EAST COAST AREA
NORTH-EASTERN ELECTRIC SUPPLY Co. Ltd.
Carliol House, NEWCASTLE-UPON-TYNE
SITES FOR WORKS Apply to the above Address for details

GLYN, MIL

BRITISH INDUSTRIAL EARNING POWER

(See Leading Article on page 107 of this issue)

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

	No. of Companies	Reports published in	Increase (+)
Third quarter	345	1934	1935
Fourth quarter	485	1934	1935
First quarter	569	1935	1936
Second quarter	739	1935	1936
Total	2,138	198,980,667	224,045,804

The ways in which the various groups have distributed their earnings in 1935-36 are shown in the following table:—

REPORTS ISSUED IN YEAR ENDED JUNE 30, 1936

Group	Debt Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div.	Rate of Div. a Year Ago
Breweries	59,002,584	4.0	49,364,128	5.0	78,980,281	13.9	13.6
Canals and docks	3,370,308	4.1	6,408,001	3.8	8,019,726	1.2	1.2
Electric lighting and power	48,808,241	4.5	36,492,737	5.1	57,383,610	7.2	7.6
Financial, land and investment	71,290,751	4.8	56,238,940	4.8	148,192,098	5.5	3.6
Gas	34,511,334	4.0	15,411,089	4.5	63,723,100	5.6	5.8
Hotels and restaurants	6,402,306	4.8	12,551,823	5.9	10,942,756	7.2	7.3
Iron, coal and steel	51,997,288	4.7	86,434,097	4.4	180,293,379	4.5	2.8
Motor cycle and aviation	4,010,063	5.7	12,428,235	5.1	29,360,113	9.8	7.7
Oil	198,504	7.0	33,848,803	7.0	69,689,551	13.5	10.8
Rubber	3,451,259	5.9	5,588,305	1.5	60,527,742	3.6	3.8
Shipping	16,083,382	4.6	18,706,535	4.3	50,743,386	1.5	0.9
Shops and stores	27,353,441	4.7	61,202,285	5.9	54,226,054	14.1	14.1
Tea	1,342,378	5.6	5,900,151	5.4	19,739,290	5.7	6.8
Telegraphs and telephones	393,744	5.0	17,804,988	5.9	68,475,724	2.8	3.9
Textiles	29,980,216	5.1	60,347,435	3.7	97,790,539	5.2	5.5
Tramway and omnibus	16,505,194	4.7	13,670,060	3.2	18,384,766	7.1	7.5
Trusts	118,976,471	4.4	98,405,559	4.0	88,424,723	4.4	3.9
Waterworks	6,612,870	4.6	5,512,370	4.6	10,569,966	5.6	5.8
Building materials	7,450,676	4.8	18,357,955	5.9	29,454,977	12.6	10.6
Food, confectionery and drink	5,260,399	4.6	30,832,346	6.2	41,993,258	10.9	10.2
Electrical equipment	4,096,976	5.1	13,837,683	5.6	24,835,572	9.5	8.0
Newspapers, printing, etc.	20,703,935	4.6	39,585,682	5.8	32,759,778	9.5	9.2
Tobacco	173,672	4.5	33,187,663	6.1	89,895,171	19.4	18.4
Warehouse and trading	2,068,790	4.7	8,434,129	4.4	11,869,440	4.1	4.7
Miscellaneous	43,779,707	5.0	158,654,434	6.5	213,270,656	8.7	7.9
Total	583,812,489	4.6	896,806,443	5.2	1,539,525,658	7.9	7.1

REPORTS ISSUED IN QUARTER ENDED JUNE 30, 1936

Group	Debt Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div.	Rate of Div. a Year Ago
Breweries	13,893,377	4.1	13,618,964	5.0	15,155,660	14.0	13.3
Canals and docks	139,600	5.0	192,391	4.6	490,277	2.6	2.4
Electric lighting and power	4,711,650	3.6	4,527,805	6.3	8,912,405	8.0	7.4
Financial, land and investment	30,140,428	4.8	20,330,840	5.7	59,978,502	3.8	1.6
Gas	2,150,919	3.9	1,985,358	2.8	11,544,682	5.6	6.5
Hotels and restaurants	2,159,954	5.0	8,381,365	6.4	4,875,158	10.4	11.7
Iron, coal and steel	24,933,622	4.4	36,464,597	2.9	73,233,362	4.5	3.3
Motor cycle and aviation	489,338	5.7	4,946,809	6.6	13,780,721	6.9	6.3
Oil	872,759	4.0	2,849,461	5.9	58,040,080	15.4	11.8
Rubber	6,652,659	5.1	9,149,555	1.1	27,839,315	3.9	3.8
Shipping	7,633,701	4.7	11,201,044	5.5	32,632,086	1.8	1.4
Shops and stores	911,890	5.4	4,163,076	5.9	11,658,379	15.6	15.6
Tea	118,744	4.0	17,205,018	5.9	65,810,119	2.6	3.6
Telegraphs and telephones	10,573,909	4.5	20,208,641	3.5	32,004,688	6.7	8.6
Textiles	3,422,566	4.9	3,800,060	6.4	5,488,085	9.2	9.3
Tramway and omnibus	38,495,566	4.3	28,043,160	4.0	27,246,340	4.8	4.6
Trusts	1,508,593	5.1	603,160	1.8	5,171,840	6.1	3.5
Waterworks	250,000	4.9	5,653,179	5.1	5,676,872	10.2	11.1
Food, confectionery and drink	1,059,833	4.6	12,497,397	6.3	16,481,271	9.6	8.1
Electrical equipment	2,040,046	5.2	8,418,283	4.3	14,852,341	9.6	9.9
Newspapers, printing, etc.	14,367,900	4.6	24,319,645	6.8	19,003,203	11.1	11.6
Tobacco	80,000	4.0	585,000	4.3	1,269,920	6.3	5.5
Warehouse and trading	230,000	4.0	720,000	4.4	1,394,920	6.6	5.2
Miscellaneous	14,145,176	5.6	97,335,658	6.9	122,936,723	9.4	8.7
Total	175,781,930	4.6	369,910,082	5.5	645,735,980	7.8	6.7

* Same companies.

PERCENTAGE COMPARISON WITH PRECEDING YEARS

	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
Third quarter	- 3.0	- 6.4	- 35.5	- 28.6	- 5.5	+ 27.7	+ 12.2
Fourth quarter	+ 1.4	- 18.1	- 53.9	- 2.9	+ 30.3	+ 32.9	+ 16.9
First quarter	+ 1.9	- 10.6	- 14.3	- 8.9	+ 5.3	+ 14.6	+ 13.3
Second quarter	+ 8.6	- 19.4	- 21.8	+ 3.3	+ 18.2	+ 17.8	+ 10.6
Year ending June 30	+ 3.7	- 14.7	- 26.5	- 6.7	+ 12.1	+ 19.5	+ 12.6

DISTRIBUTION OF PROFITS

	Net Profits after payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
1935				
Third quarter	22,471,189	11,596,410	51.6	5,549,416
Fourth quarter	33,561,979	18,529,274	55.2	6,384,374
1936				
First quarter	75,731,976	44,481,431	58.7	14,457,695
Second quarter	92,280,660	47,225,745	51.2	20,527,591
Total	224,045,804	121,832,860	54.4	46,919,076

REPORTS ISSUED IN YEAR ENDED JUNE 30, 1936

Group	Net Profits after Payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
Breweries	17,931,742	11,043,579	61.8	2,645,949
Canals and docks	438,441	101,270	23.1	244,791
Electric lighting and power	10,880,483	4,159,883	38.2	1,865,998
Financial, land and investment	12,052,010	7,481,804	62.8	2,681,928
Gas	4,581,144	3,587,966	78.6	690,404
Hotels and restaurants	1,847,287	791,184	42.8	743,694
Iron, coal and steel	17,838,194	7,010,405	39.5	3,416,198
Motor cycle and aviation	6,694,671	2,894,411	43.2	636,793
Oil	13,775,882	9,452,036	68.6	2,355,970
Rubber	2,859,402	2,178,528	81.9	53,679
Shipping	4,380,559	797,024	18.2	798,302
Shops and stores	15,640,919	8,079,333	51.6	3,640,919
Tea	1,702,642	1,121,475	65.8	317,389
Telegraphs and telephones	3,331,498	1,946,949	58.4	1,045,391
Textiles	9,105,552	5,103,536	56.0	2,258,315
Tramway and omnibus	2,435,204	1,309,112	53.7	433,854
Trusts	8,975,878	3,877,286	43.2	3,956,713
Waterworks	1,077,129	597,114	55.4	254,728
Building materials	7,089,667	3,719,449	52.4	1,094,818
Food, confectionery and drink	8,441,353	4,574,643	54.2	1,916,115
Electrical equipment	5,775,712	2,354,258	40.8	776,416
Newspapers, printing, etc.	7,370,806	3,103,823	42.1	2,358,121
Tobacco	20,507,320	17,488,537	85.2	2,023,827
Warehouse and trading	1,012,487	502,221	49.6	367,546
Miscellaneous	38,494,722	18,557,304	48.2	10,340,610
Total	224,045,804	121,832,860	54.4	46,919,076

REPORTS ISSUED IN QUARTER ENDED JUNE 30, 1936

Group	Net Profits after Payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
Breweries	3,761,884	2,127,193	56.5	715,345
Canals and docks	26,831	12,928	48.6	8,802
Electric lighting and power	1,438,225	713,222	49.6	284,283
Financial, land and investment	4,241,582	2,303,973	54.3	1,176,390
Gas	841,453	648,001	77.0	55,963
Hotels and restaurants	1,180,838	507,639	42.9	534,310
Iron, coal and steel	6,925,283	3,277,663	47.3	1,080,363
Motor cycle and aviation	3,056,375	955,336	31.2	280,579
Oil	13,008,060	8,925,825	68.6	2,249,419
Rubber	1,287,140	1,103,508	85.9	29,876
Shipping	2,785,177	593,337	21.3	308,862
Shops and stores	3,931,373	1,886,532	47.9	1,182,978
Tea	1,379,113	867,362	62.9	215,280
Telegraphs and telephones	2,971,935	1,711,724	57.6	610,393
Textiles	3,824,151	2,167,718	56.6	709,889
Tramway and omnibus	1,282,392	508,284	39.6	243,679
Trusts	2,845,196	1,330,659	46.7	1,123,123
Waterworks	226,635	98,975	43.7	10,810
Building materials	1,195,288	599,891	50.2	287,095
Food, confectionery and drink	3,060,343	1,580,190	51.6	780,377
Electrical equipment	3,635,830	1,448,965	39.8	448,529
Newspapers, printing, etc.	4,815,900	2,115,738	43.9	1,541,384
Tobacco	142,495	79,942	56.1	25,812
Warehouse and trading	177,949	92,442	51.9	32,062
Miscellaneous	24,239,412	11,571,898	47.8	6,721,372
Total	92,280,660	47,225,745	51.2	20,527,591

PROFITS AND RESERVES

	No. of Companies	Total Ordinary and Preference Capital	Net Profits after Payment of Debenture Interest	Carried to Reserve, etc.
1935				
Third quarter	345	286,270,471	22,471,189	5,325,363
Fourth quarter	485	377,470,062	33,561,979	8,648,331
1936				
First quarter	569	757,045,526	75,731,976	16,792,850
Second quarter	739	1,015,646,042	92,280,660	24,527,324
Total	2,138	2,436,432,101	224,045,804	55,293,868

AVERAGE RATES PAID

	On Debenture Capital				On Preference Capital				On Ordinary Capital			
	1933	1934	1935	1936	1933	1934	1935	1936	1933	1934	1935	1936
1st quarter	4.77	4.73	4.64	4.51	5.0	4.9	5.1	5.3	7.5	7.5	8.3	9.2
2nd "	4.97	4.75	4.58	4.9	5.2	5.7	5.6	5.6	5.0	5.7	6.7	7.3
3rd "	4.94	4.88	4.67	4.4	4.1	4.9	4.9	5.0	5.3	6.0	6.7	7.3
4th "	5.04	4.95	4.84	4.4	3.2	3.7	4.5	5.2	5.2	6.8	7.9	...
Year	4.99	4.82	4.72	4.6	4.8	5.2	5.2	5.8	6.5	7.4	...	...

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

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

Group	No. of Reports	Reports Published in Quarter ended June 30th			No. of Reports	Reports Published in Year ended June 30th		
		1936	Compared with 1935	+ or -		1935-36	Compared with 1934-35	+ or -
Breweries ...	18	3,761,884	+ 287,453	+ 8.3	105	17,931,742	+ 1,720,419	+ 10.6
Canals and docks ...	2	26,631	+ 19,502	+ 273.5	8	438,441	+ 64,304	+ 17.2
Electric light- ing & power	7	1,438,225	+ 46,577	+ 3.4	36	10,880,483	+ 626,992	+ 6.1
Financial, land & in- vestment	72	4,241,582	+ 223,898	+ 5.6	191	12,052,010	+ 1,215,015	+ 11.2
Gas	8	841,453	+ 26,654	+ 3.1	49	4,581,144	+ 66,707	+ 1.4
Hotels & res- taurants...	4	1,180,838	+ 25,247	+ 2.2	25	1,847,287	+ 90,169	+ 5.1
Iron, coal & steel	53	6,925,283	+ 739,102	+ 11.9	140	17,838,194	+ 4,097,864	+ 29.8
Motor cycle & aviation	11	3,056,375	+ 686,826	+ 29.4	38	6,694,671	+ 1,015,313	+ 17.7
Oil	12	19,068,080	+ 2,207,909	+ 20.4	22	13,775,882	+ 2,327,903	+ 20.3
Rubber	155	1,287,140	+ 466,962	+ 26.6	346	2,659,402	+ 134,785	+ 4.8
Shipping	17	2,785,177	+ 1,049,673	+ 60.5	31	4,380,559	+ 1,306,807	+ 42.5
Shops and stores ...	23	3,931,373	+ 193,831	+ 5.2	83	15,646,019	+ 1,403,065	+ 9.9
Tea	71	1,379,118	+ 238,278	+ 25.9	126	1,702,642	+ 346,661	+ 18.9
Telegraphs & phones	8	2,971,935	+ 416,930	+ 16.3	12	3,331,498	+ 478,932	+ 16.8
Textiles	21	3,824,151	+ 99,466	+ 2.5	79	9,105,552	+ 153,475	+ 1.6
Tramway & omnibus.	11	1,282,392	+ 82,701	+ 6.9	27	2,435,204	+ 578,087	+ 31.1
Trusts	56	2,845,196	+ 214,172	+ 8.1	197	8,975,878	+ 1,109,990	+ 14.1
Waterworks	5	226,835	+ 11,077	+ 5.1	25	1,077,129	+ 52,592	+ 5.1
Building ma- terials ...	20	1,195,288	+ 17,766	+ 6.4	68	7,089,667	+ 1,066,954	+ 17.7
Food, confection- ery & drink	25	3,060,343	+ 145,846	+ 5.0	84	8,441,353	+ 728,038	+ 9.4
Electrical equipment	15	3,635,830	+ 908,611	+ 33.3	24	5,775,712	+ 1,477,904	+ 34.4
Newspapers, printing, etc.	23	4,815,900	+ 213,788	+ 4.6	64	7,370,806	+ 575,693	+ 8.4
Tobacco	5	142,495	+ 12,606	+ 9.7	17	20,507,320	+ 1,094,609	+ 5.6
Warehouse & warehouse	6	177,949	+ 19,359	+ 12.2	32	1,012,487	+ 102,261	+ 11.1
Miscellaneous	91	24,239,412	+ 1,809,403	+ 7.1	309	38,494,722	+ 4,500,440	+ 13.2
Total ...	739	92,290,680	+ 8,876,473	+ 10.6	2,138	224,045,904	+ 25,065,137	+ 12.6

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Banks											
Munster and Leinster Bank	June 30	£ 42,730	£ 68,027	£ 110,757	£	£ 45,000	12½	£ 22,500	£ 43,257	£ 68,293	12½
Provincial Bank of Ireland	June 30*	33,832	35,149	68,981	...	25,735	12½	10,000	33,246	35,473	12½
Queensland National	June 30	18,788	71,148	89,936	...	70,000	4	...	19,936	69,692	4
Standard Bk. of South Africa	Mar. 31	165,170	477,535	642,705	...	300,000	12	200,000	142,705	502,590	12
The National Bank	June 30*	36,312	110,771	147,083	...	90,000	12	20,000	37,083	109,811	12
Breweries											
Booth's Distilleries	Mar. 31	25,852	107,863	133,715	33,893	28,594	7½	13,000	53,228	65,696	7½
Parker's Burslem Brewery	June 2	36,942	66,514	103,456	9,456	39,257	12½	17,647	37,096	63,119	12½
Electric Lighting, etc.											
Nigerian Electricity	Feb. 29	8,036	34,335	42,371	...	15,441	4½	24,496	2,434	24,909	3½
Financial Land, etc.											
Australian Estates & Mort.	Dec. 31	13,890	Dr. 32,293	Dr. 18,403	...	...	...	...	Dr 18,403	30,739	Nil
British Ind. & Gen. Trust	June 20	10,714	13,909	24,623	13,725	...	...	...	10,898	10,227	Nil
Cork Improved Dwellings...	June 30*	1,863	1,313	3,176	...	11,254	7½	188	1,864	1,319	7½
Gt. Northern Telegraph Co.'s	June 30	239	84,976	85,215	...	84,978	23½	...	237	84,488	23½
Holding Co.	May 31	19,176	10,378	29,554	10,378	...	...	...	19,176	10,615	Nil
Iron, Coal and Steel											
Oregon Mortgage	May 31	19,176	10,378	29,554	10,378	...	...	...	19,176	10,615	Nil
Darlington and Simpson											
Rolling Mills	Mar. 31	...	42,649	42,649	12,019	11,557	5	16,855	2,218	(a)	(a)
North's Navigation Collieries	Dec. 31	954	11,540	12,494	7,625	...	...	...	4,869	50,127	Nil
Wood (Edward) and Co. ...	May 31	1,375	19,020	20,395	2,000	7,200	4	6,000	5,195	2,991	Nil
Rubber											
Banir	Mar. 31	797	2,933	3,730	...	1,890	1½	1,250	590	4,120	2
Bertam Consolidated	Mar. 31	24,693	27,008	51,701	...	26,229	7½	1,202	24,270	42,472	11
Bidor	Mar. 31	8,401	2,345	10,746	...	3,750	7½	...	6,996	4,931	10
Biting	Mar. 31	1,449	1,322	2,771	1,374	...	...	...	1,397	1,449	Nil
Bukit Rajah	Mar. 31	2,963	10,886	13,849	...	10,005	3	1,000	2,844	15,428	5
Daejan Samoedra	Mar. 31	...	3,634	3,634	...	...	...	2,049	1,585	(a)	(a)
Jeram	Mar. 31	1,769	5,443	7,212	...	5,625	5	...	1,587	6,199	5
Juru Estates	Mar. 31	1,185	3,671	4,856	...	3,000	3½	500	1,356	5,091	4½
Kapoewas	Mar. 31	219	1,124	1,343	...	1,642	3½	Dr. 491	190	2,681	4
Kuala Reman	Mar. 31	Dr. 1,634	Dr. 3,362	Dr. 4,996	...	...	...	...	Dr. 4,996	6,441	Nil
Langkon North Borneo.....	Mar. 31	Dr. 10,565	757	Dr. 9,808	...	...	...	...	Dr. 9,808	2,492	Nil
Merchiston	Mar. 31	739	1,805	2,544	...	1,950	3	Dr. 500	1,094	3,857	5½
North Hummock (Selangor)	Mar. 31	3,578	3,813	7,391	...	4,800	2	Dr. 1,000	3,591	13,968	3
Parana	Dec. 31	Dr. 148,340	Dr. 4,282	Dr. 152,622	...	...	...	...	Dr. 152,622	Dr. 4,945	Nil
Port Dickson-Lukut	Mar. 31	27,083	12,191	39,274	...	9,859	4	13,000	16,415	13,629	5½
Prang Besar	Mar. 31	11,194	4,517	15,711	...	3,803	4½	...	11,908	4,915	2½
Sungei-Timah	Mar. 31	1,865	4,181	6,046	...	3,850	5	1,500	696	4,426	5
Timbang-Deli	Mar. 31	25,619	4,933	30,552	...	...	...	5,000	25,552	11,615	12
Vallambrosa	Mar. 31	9,794	11,367	21,161	...	10,363	15	1,000	9,798	17,429	22½
Shops and Stores											
Barratt (W.) and Co.....	June 30	22,117	132,640	154,757	35,000	40,000	10	56,829	22,928	126,811	10
Tea											
Badulipar	Dec. 31	8,895	14,395	23,290	2,537	8,422	10	3,788	8,543	748	Nil
Ceylon Upcountry	Mar. 31	1,072	2,211	3,283	...	1,441	7½	600	1,242	290	2½
Jokai (Assam).....	Dec. 31	36,740	86,686	123,426	6,000	57,818	12½	18,500	41,108	20,411	2½
Textiles											
British Thread Mills	Feb. 14	12,909	5,638	18,547	...	5,866	2½A	...	12,681	7,333	2½A
Trusts											
City of London Brewery, etc.	June 30	53,704	188,795	242,499	69,010	90,662	50B	...	60,917	183,067	50B
Guildhall Trust	Mar. 31	1,669	2,206	3,875	...	1,555	8	...	2,320	(a)	(a)
Melville Trust	May 31	10,143	20,869	31,012	16,292	...	...	5,000	9,720	19,929	Nil
Other Companies											
Bennis Combustion	Apr. 30	...	21,007	21,007	5,153	7,500	10	7,000	1,354	(a)	(a)
Budgett (H. H. and S.).....	Feb. 29	4,542	21,329	25,871	20,923	...	...	1,500	3,448	16,566	Nil
Eastwoods Cement	Mar. 31	9,520	36,277	45,797	...	32,000	16	3,416	10,381	34,388	15
Falk, Stadelmann and Co....	Mar. 31	18,951	111,052	130,003	31,500	57,750	10	20,000	20,753	104,370	8½
Montague L. Meyer	Mar. 31	7,161	24,015	31,176	6,150	2,859	10	6,534	15,633	11,799	5
United Kingdom Tobacco...	Mar. 31	1,383	29,813	31,196	10,000	19,200	8	...	1,996	20,871	4
Wolsey Sheep Shearing Machine	Dec. 31	2,730	Dr. 6,745	Dr. 4,015	...	...	...	Dr. 5,000	985	Dr. 1,659	2½

* For half-year.

† Free of income tax.

(a) No comparable figure.

(b) Deferred ordinary.

(c) Preferred ordinary.

* For half-year.

† Free of income tax.

(a) No comparable figure.

(b) Deferred ordinary.

(c) Preferred ordinary.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE excitement recorded a week ago was short-lived and the majority of the commodity markets have exhibited a distinctly quieter tone during the past few days. But while the advance in prices was checked in certain instances, the general tendency of quotations was still upwards.

The expectation that the scattered showers which have fallen in North America heralded the break-up of the drought was responsible for a slight setback in wheat. But although prices closed on Wednesday below the best, there was no net fall on the week. The rise in maize continued, shipments from Argentina having failed to increase, and other grains were also strong. Among other foodstuffs, butter and cheese sold at higher prices on the London Provision Exchange, while bacon was about steady. Eggs and meat were rather dearer. Sugar remained a quiet

market, but the improved tone recently shown at the Mincing Lane tea auctions was well maintained.

Demand for steam coal on home account remains strong, and new contracts are being arranged at advancing rates. In some districts the demand for iron and steel has become less intense, owing to seasonal influences, but makers are frequently in arrears with deliveries. Non-ferrous metals have been a quiet market this week, but prices are generally rather higher. The rubber market displayed a steady tone throughout the period under review, while oilseeds were generally firm after declining slightly in sympathy with wheat. The rise in the price of cotton continued this week, and wool was also strong. An estimate of the area under jute this season, revealing a substantial increase over the corresponding figure for last year, was partly responsible for dullness on the jute market. Other textile fibres were generally quiet.

American prices remained practically stationary during the past week. Thus Moody's index of the dollar prices of staple commodities (December 31, 1931 = 100) stood at 175.9 on Wednesday, against 175.8 a week ago, 164.8 a month earlier and 158.1 on the corresponding day last year.

COAL

SHEFFIELD.—The demand for steam coal is active on inland account, and prices are well maintained. New contracts for supplies to industry are being placed at advanced rates. Export business, however, is dull, inquiries for prompt shipment being few and far between. More fuel is available than for some time, especially in trebles and doubles. Home demand for washed smalls is maintained at a high level, and furnace and foundry coke is very firm.

Nominal prices at pit for inland are: South Yorkshire best 23s.-25s.; ditto second, 20s.-21s.; Derbyshire best house, 22s.-23s.; ditto best brights, 19s. 6d.-21s.; kitchen coal, 16s. 6d.-19s. 6d.; best screened nuts, 19s.-20s.; small screened nuts, 18s.-18s. 6d.; Yorkshire and Derbyshire hards, 19s. 6d.-20s.; rough slacks, 11s.-12s.; nutty slacks, 10s.-11s. Export prices: South Yorkshire—Association hards, 19s.-19s. 6d.; washed trebles, 17s. 6d.-18s.; washed steam doubles, 17s. 6d.-18s.; washed gas doubles, 17s. 6d.-18s.; washed steam singles, 17s.-17s. 6d.; washed gas singles, 17s.-17s. 6d.; washed smalls, 14s. 9d.-15s. 3d.; washed coking smalls 14s. 9d.-15s. 3d.; screened gas coal, 19s.-20s. 6d. Derbyshire—Top hards, 18s. 3d.-18s. 9d.; cobbles, 18s. 3d.-18s. 9d.; washed trebles, 17s.-17s. 6d.; washed doubles, 16s. 9d.-17s.; slacks, 9s. 6d.-13s.

NEWCASTLE-ON-TYNE.—Steam coals of all sizes and qualities remain very strong and as the autumn approaches it is the general expectation that prices will further appreciate. With the seasonal decline in the coasting trade, Northumberland steam collieries generally experience some idle time at this period, but this year demand from Scandinavia is very active, under trading agreements, and these collieries are working full time. Durham prime gas is quiet, but coking and bunkers are a steady market. Coke of all descriptions is very firm and lack of supplies is making operations difficult both in the export and inland trade.

Current f.o.b. prices for export: NORTHUMBERLAND—D.C.B. screened, 15s.; smalls, 12s. 6d.; Howards, Bentinck, Newbiggin screened, 14s. 9d.; smalls, 12s.; Tyne prime large, 14s. 6d.; smalls, 12s. 6d.; Hartley Main large, 14s. 9d.; smalls, 12s. 6d. DURHAM—Lambton, South Hetton screened steam, 15s. 9d.; smalls, 13s.; Wear special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 8d.; second-class gas, 13s. 6d.; coking unscreened and/or smalls, 13s. 3d. Prime unscreened bunkers, 15s.; second-class unscreened bunkers, 14s.; prime foundry coke, 26s.; Newcastle and district gas coke, 28s.

GLASGOW.—The collieries in the Lothians have been closed for the annual holidays this week, and those in the other areas cease work at the week-end. Market conditions have been quiet. Outputs in Fife have been well taken up, with only odd lots of large coal obtainable for new business, and these mainly because of delays in the arrival of tonnage. The quieter demand for house fuel is a factor in the position in the west, where round coal is readily obtainable; but with smaller general outputs washed nuts are scarce and firm. A fair volume of orders is on hand for the resumption, but the disinclination of the collieries to accept further business pending the new selling arrangements and the higher level of prices asked combine to limit expansion.

Shipment prices (f.o.b. district ports): LANARKSHIRE—Ell best, 15s.; splint best, 18s.; splint second, 16s.-16s. 6d.; navigation, screened, 16s.-16s. 6d.; navigation, unscreened, 15s.; Steam, screened, 14s. 6d.; trebles, 16s.; doubles, 15s. 6d.-16s.; singles, 16s.; pearls, 15s.; dross, 12s. 6d. FIFE—Best unscreened navigation, 14s. 9d.-15s.; unscreened navigation, 14s. 6d.; first-class steam, 15s.-15s. 3d.; third-class steam, 14s.-14s. 6d.; trebles, 16s. 6d.-18s.; doubles, 16s.-17s.; singles, 16s.-16s. 6d.; pearls, 14s.-14s. 9d. LOTHIAN—Best splint, 16s.; prime steam, 14s. 6d.-15s.; secondary steam, 14s. 6d.; unscreened navigation, 14s. 6d.; trebles, 16s. 3d.-16s. 6d.; doubles, 15s. 9d.-16s.; singles, 16s.-16s. 6d.; pearls, nominal. AYRSHIRE—Best unscreened navigation, 16s.-16s. 6d.; steam, 13s.-13s. 6d.; trebles, 15s. 6d.-15s. 9d.; doubles, 16s.; singles, 16s.-16s. 6d.; pearls, nominal; dross, nominal.

CARDIFF.—There has been no improvement in conditions on the Cardiff coal market. In June, total shipments to foreign countries were nearly 30 per cent. less than in the corresponding month last year. Since the beginning of the present month the docks have not been employed up to 50 per cent. of capacity, and in the week ended July 12th traffic in the coastwise as well as the foreign trade totalled only 293,800 tons as against 426,423 tons in the corresponding period last year. This persistent decline in the export trade is the cause of serious anxiety, and representations on the subject are being made to the Government. With current demand substantially below the authorised output quota, stocks of large classes are exceptionally heavy, while small and sized classes are very firm on scarce supplies. Cobbles are a weak market, but there is a steady demand for throughs, particularly for bunkering. Coke continues very strong. At its reduced rate of output patent fuel is also firm; but the pitwood market is quiet. The differences over the price to be paid for the September deliveries of French wood under the coal-pitwood barter arrangement have not yet been adjusted.

Current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dross, 18s. 6d.; Black Veins, 18s. 3d.; Western Valleys, 17s. 6d. to 17s. 9d.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. 6d. to 14s. 6d.; coking smalls, 14s. 3d. to 14s. 6d.; second steams, 13s. to 14s.; anthracite best large, 36s. to 40s.; Red Vein large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.;

stove nuts, 34s. to 50s. 9d.; rubbly culm, 11s. 6d. to 12s.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, French 24s. 3d., Portuguese 23s.

IRON AND STEEL

LONDON.—Some seasonal slackening in demand is noticeable, states the official report of the London Iron and Steel Exchange. In practically all departments of the market, however, works are operating at capacity; but, even so, in many cases they are unable to overtake arrears in deliveries. In pig iron, although new business is less than a few weeks ago, there has been no decline in quantities passing into consumption, and producers are fully booked for several months to come. It is now less difficult to arrange for supplies, as a result of the increased production. Many consumers are anxious to place contracts for delivery beyond the end of the year; but makers are maintaining a cautious attitude, and are not disposed to accept far forward business. In semi-finished steel, requirements of consumers show no signs of decreasing. The pressure to obtain supplies of British material is unrelaxed, and the output of the producing works is passing into immediate consumption. An active business is being transacted in finished steel and the demand for constructional material is particularly heavy. Export inquiry has improved of late.

MIDDLESBROUGH.—Production of pig iron is steadily maintained. Cleveland foundry iron is gradually increasing in supply, and hematite pig iron is more readily available than for some little time. Makers of both qualities are, however, well booked for some time ahead, and it is expected that further furnaces will be restarted. Prices are fixed at the agreed minimum rates of 75s. per ton for No. 3 Cleveland foundry pig iron and 85s. per ton for East Coast mixed numbers, the latter being subject to a rebate of 5s. under certain conditions. A shipment of 1,050 tons of pig iron has been made this week to South Wales, and merchants are now hoping to resume shipment to customers abroad, with whom they are in arrears. Demand for semi-finished and finished steel continues, with makers barely able to keep up with requirements, and in some cases delivery of smaller steel sections can only be given after an interval of a few weeks. Blast furnace coke continues firm at 25s. per ton delivered at the furnaces, whilst foreign ore is firmer owing to the continued high freights. Heavy steel melting scrap remains at 57s. 6d. per ton delivered works.

SHEFFIELD.—The iron market remains virtually unchanged, the recently-increased prices having in no way affected demand. There is little foundry on offer beyond a few limited parcels, and forge requirements are making inroads on stocks at furnaces. Notwithstanding the increased production of Derbyshire material, supplies are barely equal to the full requirements of consumers. Makers of hematite are heavily committed, and are hesitant about accepting further large commitments. In marked and common bars business is fairly active, but much more could be undertaken in crown bars. Ironmasters are not finding it easy to secure all the blast-furnace coke they need, and are entering into contracts at up to 21s. per ton on rail at ovens, the highest figure quoted for several years. Production in all sections of the steel industry is being expanded, and makers of fine steels are busier than they have been for a very long period. Aircraft steel is a big feature, and heavy quantities of Siemens acid steel are being taken up. Production of basic steel billets continues on a huge scale. All prices are firm and unchanged. There is a strong demand for foundry cast-iron scrap at 62s. 6d., and for heavy wrought-iron scrap suitable for shearing at up to 67s. 6d. Steel scrap is quieter, recent imports having eased the position, although prices are little lower than for home-produced material.

GLASGOW.—Works in Glasgow and district suspend operations towards the end of this week for the annual Fair Holidays, and a general resumption will not take place until Tuesday the 28th. Plants have been running to utmost capacity this week in an endeavour to give deliveries to users who are pressing for materials before works close. In most branches large tonnages of unexecuted orders are on books, but with a few exceptions it has not been considered advisable to curtail holidays as plants are needing overhauls and repairs which can be carried out only when plant is idle; a large amount of such work will be undertaken within the next ten days. It is usual at this season to find new business somewhat scarce, but there has been little slackening off this year. Steelmakers are experiencing a steady demand for all classes of material, and makers of semis and all re-rollers are finding new business plentiful. Makers of machinery have received some large orders within the past few weeks and have much work on

tons last week; 1,050 tons on Wednesday, against 600 last week. Domestic spot was quoted at 9-02½ cents per lb. in New York on Wednesday, against 8-95 cents a week ago and 8-87½ cents a month ago. Wednesday's official closing price for standard cash in London was £36 18s. 9d. to £37, compared with £36 12s. 6d. to £36 13s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 54,960 tons, show a decrease of 1,438 tons, while stocks of rough copper, at 3,467 tons, show a decrease of 1,075 tons on the week.

LEAD AND SELLER.—After the end of last week demand for lead became very quiet, but sellers were not disposed to accept lower rates and, at the close on Wednesday, prices were unchanged on the week. Spelter, however, scored a slight recovery from the previous week's level, despite the restricted nature of demand during most of the period under review.

Sales of lead on the London Metal Exchange: 800 tons on Monday, against 1,000 tons last week; 550 tons on Tuesday, against 450 tons last week; 550 tons on Wednesday, against 300 last week. The New York quotation on Wednesday was 4-60 cents per lb., against 4-60 cents a week ago and 4-60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 7s. 6d. per ton, compared with £15 7s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 500 tons on Monday, against 175 tons last week; 325 tons on Tuesday, against 750 tons last week; 200 tons on Wednesday, against 1,750 tons last week. Wednesday's quotation in East St. Louis was 4-75 cents per lb., against 4-75 cents the week before and 4-90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 8s. 9d. per ton, against £13 9s. 9d. last week.

TIN.—After last week's excitement, the market in tin became much quieter this week. Nevertheless, prices recorded a sharp advance on Monday and closed with a strong tone; lighter offerings in the Straits at firmer prices, and a further fall in British stocks, induced sellers to exercise caution. Although the advance was not fully held on Tuesday, prices at the close on Wednesday were appreciably higher on the week.

Sales of tin on the London Metal Exchange: 475 tons on Monday, against 225 tons last week; 175 tons on Tuesday, against 435 tons last week; 190 tons on Wednesday, against 470 last week. The New York quotation on Wednesday was 44-12½ cents per lb., against 43-50 cents a week ago and 41-37½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £192 10s. to £193 per ton, compared with £188 15s. to £189 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 583 tons, a decrease of 134 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 2s. 6d. per flask of 76 lb., the same as last week. Chinese antimony was again quoted at £54 per ton ex warehouse, duty paid. Chinese wolfram for July-August shipment was quoted at 26s. to 27s. per unit, c.i.f., as against 27s. 6d. to 28s. 6d. last week. Platinum (refined) was quoted at £8 per ounce as against £7 10s. last week.

TEXTILES

COTTON.—Manchester. The higher prices have been well maintained. Rather wider fluctuations have occurred in raw cotton quotations, but without any general decline. Rather more favourable weather advices have been received from the American cotton belt, but demand has continued active and the statistical position remains strong. According to present indications, the new growth will not be more than 11,500,000 bales, whereas world consumption is now equal to 12,500,000 bales per annum. Manufacturers of cloth have experienced an increased inquiry. Most buyers have been slow in raising offers, but in certain quarters more trade has been done. Despite many difficulties, a few more transactions have taken place for India in light bleaching descriptions and prints, and the improved demand for South America has been maintained. Some fairly encouraging orders have been obtained for the Dominions and Crown Colonies, especially Australia, South Africa and West Africa. Home trade buyers are pleased with their purchases of a week or two ago, and further orders have been reported in household goods, dress materials and poplins. It has not been a satisfactory week for spinners of yarn. Home users and exporters have refused to pay the advanced rates. Business, therefore, has been patchy in both American and Egyptian qualities.

COTTON PRICES

	1936				Corresponding Date	
	June 24	July 1	July 8	July 15	1934	1935
Raw Cotton—Mid. American..... per lb.	d. 7-11	d. 7-16	d. 7-24	d. 7-50	d. 7-14	d. 6-87
Sakelardis Fully Good Fair..... per lb.	9-08	9-47	9-84	10-15	8-51	7-94
Yarns—32's twist..... per lb.	10½	10½	10½	11½	10½	10½
40's twist..... per lb.	10½	11	11	11½	11	10½
60's twist (Egyptian)..... per lb.	16	16½	16½	16½	17	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	s. d. 17 7½	s. d. 17 17	s. d. 17 10½	s. d. 18 1½	s. d. 19 4½	s. d. 17 8
36-in. Shirtings, 75 yds., 18 by 18, 32's and 40's.....	25 0	25 2	25 4	25 7	24 4½	24 4½
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	10 4	10 4½	10 5	10 6	11 2	10 5
38-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9 4	9 4½	9 5	9 6	10 0	9 3

COTTON YARN PRICE-FIXING SCHEMES.—Further determined efforts are being made to arrange price-fixing schemes in the

spinning section. The legal agreement in coarse American counts, known as the Royton section, has been in force about two years and has been eminently successful. Meetings are now taking place of spinning employers engaged on medium mule yarns. A draft legal agreement has been approved and is being circulated to the companies affected—which control about 5,000,000 spindles. A movement is also on foot amongst yarn doublers, and it is hoped that the 250 firms owning 3,000,000 spindles will soon take action to protect their margins. In this connection one of the most difficult branches has been the Egyptian section. Last November, when a ballot was taken on a price-fixing scheme, the owners of less than 58 per cent. of the spindles involved voted in favour, and it was decided not to take any further action for the present. This week, however, at another meeting of the special sub-committee of the Master Cotton Spinners' Federation, price-cutting was discussed. It is generally believed that the prospects for a scheme are now brighter, and a further meeting is to be held next week.

JUTE.—Dundee. The first forecast, estimating an area of 2,505,800 acres under jute for season 1936-1937, compared with the newly-revised acreage for last season of 2,180,000 acres, created little impression on the market. The present figures show an increase over last year at this time of approximately 33 per cent., and it may be that they are as far out on this occasion as they were on the last. The last crop yielded about 8,000,000 bales, and the present one is expected to yield something like 9,500,000. There is therefore no lack of jute when the extensive stocks in the hands of consumers and carried forward from previous seasons are added to the probable yield of this crop. The market in general has ruled dull, with buyers looking for lower prices for all commodities in the trade. The Calcutta goods market has appreciated a little, but prices are still at a very low level. Business normally shows some seasonal improvement about this time of the year. Dundee yarns and cloth are only being bought in small quantities for delivery as early as can be given. The full group of Daisee-2/3 has been sold down to £15 15s., but sellers are now rather more reserved and quote £16 lowest, with single marks at from £16 10s., and Daisee-4 at from £15 10s., October/November. Tossa-2/3 is quoted at from £17 2s. 6d., at which business was done in a short group, with fours at from £16 2s. 6d., same shipment. Red Diamond DS First Mark is offered at £19 10s. and Double Triangle DS Lightning at £18 7s. 6d., with Hearts at £17 5s., August/September.

Common 8 lb. cops still rule at 1s. 10d. and 8 lb. spools at 1s. 11d., which rates buyers are not keen to pay, but spinners declare that they will curtail production further, rather than sell at less. Twist is steady at 3½d. for 3 ply 8 lb., and sacking yarns are unchanged at 2½d. for 24 lb. web and 3½d. for 8 lb. chains. Rove continues at £19 lowest for 48 lb. and £15 10s. for 200 lb., while the finer yarns are quiet at 2s. 7d. for second quality 8 lb. warp, 2s. 3½d. for third and 2s. 1d. for fourth. Carpet yarns are steady at 3½d. done for 14 lb. warp. Orders for cloth are confined to small lots for immediate delivery, buyers being disinclined to buy any distance ahead in view of the uncertainty. Prices are lower at 2½d. paid for 10 oz. 40 in. and 1½d. for 8 oz. Linoleum hessians are slow and nominal, but a quiet steady demand is still being made for heavy goods. Calcutta hessians have been advanced to 17s. 2½d. for 10 oz. 40 in., and 13s. 10d. for 8 oz., July, and 17s. 1d. and 13s. 8d. for August/September. Liverpool twills are at 43s., and "B" twills at 38s., July/September.

GRAIN MARKETS

WHEAT.—The weather in North America remains the dominant factor determining the movement of wheat prices. Scattered showers have fallen in the spring wheat belt of the United States and in the prairie provinces of Canada during the past week, but much heavier rainfall is needed. The expectation that this change marks the break-up of the drought was responsible for a slight setback in prices. But, at the close on Wednesday, quotations showed little net change over the week.

On Wednesday last, "July" futures were quoted in Chicago at 104½ cents per bushel, against 105½ cents the week before and 88½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 35s. per 496 lbs., against 35s. a week ago; No. 2 Northern Manitoba, ex ship, 34s. 9d., against 34s. 9d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 980,000 quarters, against 921,000 in the previous week and 941,000 quarters in the corresponding week a year ago.

FLOUR.—Prices are maintained at last week's level. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 30s. per 280 lbs., against 30s. a week ago; delivered inner London, 29s. 6d., as compared with 29s. 6d. a week ago. Manitoba patents, ex store, 26s. 6d. to 28s., against 26s. 6d. to 28s. a week ago. Australian, ex store, 23s. to 23s. 6d., against 23s. to 23s. 6d. a week ago.

BARLEY.—The market in imported feeding descriptions remains strong and prices have advanced during the past week. "July" futures were quoted at 53½ cents per bushel in Winnipeg on Tuesday, against 46½ cents a week ago and 37½ cents a month ago. Quotations per 48 lbs. in London on Wednesday were: "English feed" at farm, 24s., as against 22s. a week ago; "English malting," at farm, not quoted, against 25s. to 30s. a week ago.

OATS.—On Wednesday, "July" futures were quoted at 37½ cents a bushel in Chicago, against 36½ cents a week ago and 26½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 20s. per 336 lbs., against 19s. a week ago; "English White," at farm, 20s., against 19s. a week earlier.

MAIZE.—Business has been active at advancing prices. The position in Argentina shows little alteration, and shipments from that country remain below normal. "July" futures were quoted on Wednesday at 85 cents per bushel in Chicago, against 81½ cents

a week ago, and 62½ cents last month. Quotations in London Wednesday: "Plate," landed, 22s. per 480 lbs., compared with 21s. a week ago; "Plate," ex ship, 21s. 3d., as against 20s. a week ago; "Plate," "July," 20s. 3d., as against 19s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £5 12s. 6d. to £5 15s. per ton, as against £5 7s. 6d. to £5 10s. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to July 11.....	27,971	59,590	73,122	56,209
45 weeks to July 11.....	8,537,254	10,638,348	13,131,454	13,079,884
Average price of English wheat per cwt.	s. d. 6 6	s. d. 5 6	s. d. 5 6	s. d. 6 10

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
July 9, 1932.....	Cwts. 27,376	Cwts. 1,305	Cwts. 7,149	s. d. 6 6	s. d. 6 6	s. d. 8 0
July 8, 1933.....	27,971	6,771	9,297	6 6	6 2	5 9
July 14, 1934.....	59,590	6,874	11,671	5 6	7 3	6 4
July 13, 1935.....	73,122	6,371	5,196	5 6	6 8	7 6
July 4, 1936.....	63,413	3,554	13,897	6 9	6 6	6 1
July 11, 1936.....	56,209	1,731	10,204	6 10	6 10	6 5

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-36, with comparative figures for 1934:—



Established 1812

Head Office:
55 Wall Street
New York

Seventy-two
Offices in
twenty-three
Foreign
Countries

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

The National City Bank of New York

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

Condensed Statement of Condition as of June 30, 1936

INCLUDING DOMESTIC AND FOREIGN BRANCHES

ASSETS	
Cash and Due from Banks and Bankers	\$ 482,847,279.39
United States Government Obligations (Direct or Fully Guaranteed)	622,644,698.07
State and Municipal Bonds	101,487,261.02
Other Bonds and Securities	106,256,881.28
Loans, Discounts and Bankers' Acceptances	551,930,592.23
Customers' Liability Account of Acceptances	25,024,316.25
Stock in Federal Reserve Bank	4,725,000.00
Ownership of International Banking Corporation	8,000,000.00
Bank Premises	53,583,623.68
Items in Transit with Branches	730,148.28
Other Assets	12,622,255.07
Total	\$1,969,852,055.27
LIABILITIES	
Deposits	\$1,730,019,146.84
Liability as Acceptor, Endorser or Maker on Acceptances and Bills	\$55,799,956.02
Less: Own Acceptances in Portfolio	10,367,334.70
Reserves for:	
Unearned Discount and Other Unearned Income	3,554,280.23
Interest, Taxes, Other Accrued Expenses, etc.	6,314,587.57
Preferred Stock Dividend	626,137.81
Common Stock Dividend	3,100,000.00
Capital	
Preferred (Called for retirement on or before August 1, 1936)	\$50,000,000.00
Common	77,500,000.00
Surplus	42,500,000.00
Undivided Profits	10,805,481.50
Total	\$1,969,852,055.27

Figures of Foreign Branches are as of June 25, 1936.

United States Government Obligations and other securities carried at \$119,915,445.32 in the foregoing statement are deposited to secure public and trust deposits and for other purposes required by law. On July 1, 1936, \$49,093,000.00 Preferred Stock held by Reconstruction Finance Corporation was retired, leaving \$907,000.00 Preferred Stock to be retired on or before August 1, 1936.

Member Federal Deposit Insurance Corporation

OVERSEAS TRADE RETURNS

	IMPORTS (Value C.I.F.)		EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.)	
	Month ended June 30		Month ended June 30	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	4,617,896	5,625,189	25,761,696	30,350,532
B. Feeding-stuffs for Animals	538,828	541,335	3,790,920	3,828,728
C. Animals, Living, for Food	312,468	514,185	2,403,651	3,060,710
D. Meat	6,613,805	6,750,703	40,420,639	38,873,643
E. Dairy Produce	4,395,074	5,898,290	27,632,591	31,399,444
F. Fresh Fruit and Vegetables	4,407,121	4,811,445	20,294,547	21,853,869
G. Beverages and Cocoa Prepara- tions	2,647,539	2,808,311	19,288,461	21,048,087
H. Other Food	3,570,798	3,998,340	21,351,428	22,737,813
I. Tobacco	374,830	597,667	5,375,476	6,353,047
Total, Class I	27,478,357	31,545,465	166,299,409	179,485,873
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,922	690	9,966	18,219
B. Other Non-Metalliferous Min- ing and Quarry Products and the like	276,741	307,810	1,695,679	1,975,014
C. Iron Ore and Scrap	451,171	738,743	2,454,963	4,555,406
D. Non-Ferrous Metalliferous Ores and Scrap	889,507	770,409	5,368,369	5,874,351
E. Wood and Timber	3,540,426	4,215,985	12,727,857	14,404,547
F. Raw Cotton and Cotton Waste	2,375,178	3,749,974	16,496,294	20,999,051
G. Wool, Raw and Waste, and Woolen Rags	2,347,217	3,223,496	22,497,644	27,988,744
H. Silk, Raw, Knobs and Nolls ..	91,135	123,009	674,612	1,034,504
I. Other Textile Materials	613,024	538,855	5,738,945	5,770,019
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,154,563	2,483,547	13,108,912	15,244,556
K. Hides and Skins, Undressed ..	841,706	1,305,872	7,156,876	9,621,750
L. Paper-making Materials	809,934	1,044,301	5,025,107	5,562,913
M. Rubber	820,314	253,063	6,063,929	2,609,945
N. Miscellaneous Raw Materials and Articles mainly Un- manufactured	528,042	523,500	4,273,408	4,285,045
Total, Class II	15,740,880	19,279,254	103,292,561	119,944,064
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel ..	2,214	2,771	26,782	47,597
B. Pottery, Glass, Abrasives, etc. ..	547,720	565,253	3,276,899	3,383,689
C. Iron and Steel and Manu- factures thereof	700,152	881,287	4,275,723	5,700,224
D. Non-Ferrous Metals and Manu- factures thereof	2,447,511	2,588,708	12,653,603	15,275,694
E. Cutlery, Hardware, Imple- ments and Instruments	484,543	571,368	2,888,506	3,239,957
F. Electrical Goods and Apparatus ..	199,615	272,670	1,303,978	1,612,243
G. Machinery	1,006,929	1,561,097	6,455,762	8,784,406
H. Manufactures of Wood and Timber	487,865	609,736	2,961,717	3,727,771
I. Cotton Yarns and Manufactures ..	171,493	201,199	1,117,161	1,302,811
J. Woollen and Worsted Yarns and Manufactures	170,962	209,445	1,164,684	1,377,053
K. Silk Yarns and Manufactures ..	206,723	161,927	1,577,692	1,269,341
L. Manufactures of other Textile Materials	440,687	503,918	3,364,047	3,529,372
M. Apparel	552,652	629,963	4,556,814	4,828,001
N. Chemicals, Drugs, Dyes and Colours	805,566	927,523	5,319,166	6,024,514
O. Oils, Fats and Resins, Manu- factured	2,639,598	2,754,847	16,301,619	17,479,952
P. Leather and Manufactures thereof	704,115	802,378	3,850,130	4,579,447
Q. Paper, Cardboard, etc.	1,108,683	1,180,740	6,126,377	7,023,626
R. Vehicles (including Locomo- tives, Ships and Aircraft) ..	288,650	385,430	2,542,111	2,785,133
S. Rubber Manufactures	41,106	48,670	298,257	302,070
T. Miscellaneous Articles wholly or mainly Manufactured	1,324,117	1,528,270	8,063,816	8,647,570
Total, Class III	14,330,901	16,387,200	88,124,844	100,920,471
IV.—Animals, not for Food	171,807	149,402	733,583	863,909
V.—Parcel Post	107,368	282,744	920,917	1,587,031
Total	813	67,644,065	359,371,314	402,801,348

COFFEE.—The New York spot market has been strong this week, prices having recorded a sharp advance. The London spot market remained quiet. On Wednesday, Rio No. 7 (cash) was quoted at 7½ cents per lb. in New York, as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 104 cwt.; delivered, for home consumption, 67 cwt.; exported, nil; stocks, 10,203 cwt., against 16,882 bags a year ago. Central and South American, landed, 351 cwt.; delivered, for home consumption, 4,597 cwt.; exported, 1,691 cwt.; stocks, 112,243 cwt., against 178,246 packages last year. Other kinds, landed, 253 cwt.; delivered, for home consumption, 3,460 cwt.; exported, 789 cwt.; stocks, 156,723 cwt., against 183,308 packages last year.

EGGS.—Eggs were an active market, prices showing a rising tendency. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15–15½ lb.) realised 13s. 6d. to 14s. per 120, as against 12s. to 12s. 9d. last week, while Danish (15½ lb.) made 9s. 6d. to 10s. per 120, as against 9s. to 9s. 6d. last week.

FRUIT.—Although the changeable weather had an adverse effect on the soft fruit trade, and caused other prices to be somewhat erratic, business at Covent Garden was generally good during the past week, with prices well maintained. Although demand for good samples of cherries has been active, states *The Fruitgrower's* report, prices for this fruit have been rather easy. Black and red currants have encountered a better business this week, and gooseberries realised moderate prices. Raspberries and strawberries made a good showing, but the quality of the latter deteriorated with the

approaching end of the season. Californian plums rose in price, but Spanish apricots and Italian and Hungarian peaches met a poor trade. Melons were about steady. The apple trade was fairly good, while Australian and New Zealand pears are finishing the season at steady rates. Lemons and grapefruit have eased in price, but oranges generally sold well at slightly firmer prices.

MEAT.—Business at Smithfield Market recorded a significant improvement this week, and prices in some cases advanced. On Wednesday last, Argentine chilled hindquarters were quoted at 4s. 4d. to 4s. 8d. per 8 lbs., as compared with 3s. 8d. to 4s. 2d. a week ago. New Zealand frozen mutton was 3s. to 3s. 8d. per 8 lbs., against 3s. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,143 tons, an increase of 401 tons on the corresponding week last year. Beef and veal accounted for 4,866 tons, mutton and lamb 3,243 tons, and pork and bacon 558 tons, as compared with 4,732, 3,026 and 477 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampong (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 10 tons; stocks, 1,759 tons, against 2,029 tons a year ago. White, landed, 29 tons; delivered, 29 tons; stocks, 12,273 tons, against 18,536 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. ex warehouse on Wednesday, as compared with 8s. 6d. per cwt. a week ago. "August-September" in singles to

Continent and U.K. was quoted at 7s. 7½d. per cwt., against 7s. 6d. for "July-August" last week. Movements in London during the past week were as follows: Landed, 191 tons; delivered, 337 tons; stocks, 1,989 tons, against 10,005 tons a year ago.

MILK.—Information relative to the operation of the Milk Marketing Scheme during June, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

	June, 1935	March, 1936	April, 1936	May, 1936	June, 1936
Regional pool prices* (per gallon)					
Northern	9½	12½	11½	8½	9
North-Western	9½	12½	11½	8½	9
Eastern	10	13½	11½	9	9½
East Midland	9½	12½	11½	8½	9
West Midland	9½	12½	11½	8½	9
North Wales	9½	12½	11½	8½	9
South Wales	9½	12½	11½	8½	9
Southern	10	13½	11½	9	9½
Mid-Western	9½	12½	11½	8½	9
Far Western	9½	12½	11½	8½	9
South Eastern	10½	13½	12½	9½	9½
Liquid milk price (per gallon, all regions)	12	17	16	12	12
Manufacturing price (per gallon, average)	5.13	5.793	4.885	4.755	4.941
Total sales under contract	85.00	74.05	77.03	90.56	87.56
For liquid consumption	46.00	47.54	45.44	48.03	46.67
For manufacturing	39.00	26.51	31.59	42.53	40.89

* On account to the nearest farthing.

Accredited producers receive 1d. per gallon in addition to the above prices. Premiums for level deliveries and for Grade "A" or special services are paid to the producers concerned in addition to the pool price. Transport charges are payable by individual producers and are deducted from accounts.

SUGAR.—Raw sugar has again been in quiet demand on the London market, while prices in New York remain unchanged. The spot price in New York on Wednesday was 3.70 cents per lb., as compared with 3.70 cents per lb. last week and 3.80 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 5d., against 4s. 5d. to 4s. 5½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 21,350 tons, against 19,133 tons last week and 14,442 tons in the same week of last year; deliveries, 18,993 tons, against 20,172 tons last week and 15,689 tons last year; stocks, 136,647 tons, against 133,162 tons last week and 129,235 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
July 11, 1935	d.	d.	d.	d.	d.	d.	d.
June 11, 1936	11.58	11.84	13.39	10.41	8.87	10.30	11.96
June 18, "	12.24	12.73	13.30	10.22	10.15	11.48	12.40
June 25, "	12.20	12.26	13.13	10.17	9.95	11.44	12.25
July 2, "	12.20	12.26	12.98	10.26	9.95	11.21	12.18
July 9, "	12.19	12.10	13.04	10.33	9.89	11.26	12.22
July 16, "	12.15	12.11	13.06	10.42	10.01	11.32	12.23

This week's offerings at the public auctions in Mincing Lane comprised 37,141 packages of Indian and 25,138 packages of Ceylon tea. The market maintained a good tone, with prices about steady generally.

VEGETABLES.—According to *The Fruitgrower's* Covent Garden report, tomatoes continued in fair demand, and appreciated in value on shorter supplies. On the other hand, cucumbers declined in response to the unseasonable weather. Beans and mushrooms were firm in price. Peas were in moderate demand at fair prices, cabbage showed some improvement, and cauliflowers were steady. Some improvement of business in imported onions was experienced this week. Meanwhile, demand for English new potatoes is well maintained but, with increasing supplies at London markets, prices have shown a slightly easier tendency. The continuance of wet weather might, however, reduce loadings and cause prices to harden. At the London Borough Market on Tuesday last, English Epicure were quoted at 6s. to 7s. a cwt., against 7s. a week earlier. The season for Jerseys has now finished.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—Generally firm conditions prevail and only a slight reaction has taken place in sympathy with the easing in wheat. The removal of "sanctions" against Italy is a steady influence and the crop situation is such as to give confidence. The heat and drought in the United States are undoubtedly adversely affecting the late sown linseed, but reports of scattered rains give support for the hope that seed already germinated may improve, though over wide areas there is no doubt that much has been lost. Official reports were in accord with market expectations and served to strengthen prices rather than otherwise, until reports of rain caused the tone to become subdued. In Argentina the sowing for the new crop is being delayed owing to the heavy rain.

The position in regard to available supplies is unchanged. The Argentine official estimate of the exportable surplus of the old crop is 514,000 tons—which, with 90,000 tons expected from India,

Glyn, Mills & Co.

(ESTABLISHED 1753)

Registered with unlimited liability 1885

CHILD & CO. and HOLT & CO.
(Established before 1800) (Established 1809)

BANKERS

Army and Air Force Agents, Navy and Prize Agents.

One Hundred and Fourth Statement of Assets and Liabilities, 30th June, 1936.

Dr. LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
To Capital authorised and issued ..	1,060,000	0	0	By Coin. Bank Notes and Balance at Bank of England ..	5,268,545	0	11
To Reserve Fund ..	530,000	0	0	By Balances with, and Cheques in course of Collection on, other Banks in the United Kingdom ..	1,453,217	19	2
To Reduction of the Bank Premises Account ..	275,000	0	0	By Money at Call and at Short Notice ..	8,059,000	0	0
To Current, Deposit and other Accounts (including provision for contingencies) ..	38,208,957	14	8	By Bills Discounted ..	479,541	19	10
To Acceptances and Engagements on account of Customers ..	2,010,186	11	6	By Investments:—			
				British Government Securities ..	29,666,980	14	7
				Other Securities ..	883,906	8	10
				Subsidiary Companies ..	—	—	—
					10,550,887	3	5
				By Advances to Customers and other Accounts ..	13,522,765	11	1
				By Liabilities of Customers for Acceptances and Engagements as per contra ..	2,010,186	11	6
				By Bank Premises (at cost, less amounts written off):—			
				Freehold ..	£820,000	0	0
				Leasehold ..	120,000	0	0
					740,000	0	0
					£42,084,144	5	11

AUDITORS' CERTIFICATE AND REPORT.

We report that we have examined the above Balance Sheet with the Books of the Bank, and have obtained all the information and explanations we have required, and we are of opinion that such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us, and as shown by the Books.

KEMP, CHATTERIS, NICHOLS, SENDELL & CO.,
JACKSON PILEY & CO.,
10th July, 1936. Chartered Accountants.

H. A. LAWRENCE,
E. GORE BROWN,
MARTIN D. V. HOLT,
10th July, 1936. J. B. S. TURNER, Secretary.

Every description of British and Overseas Banking and Exchange Business transacted. The Bank undertakes the office of Executor and Trustee.

67, LOMBARD STREET, LONDON, E.C.3.
CHILD & CO., 1, Fleet Street, London, E.C.4, and Marygold House, Carfax, Oxford.
HOLT & CO., Kirkland House, Whitehall, London, S.W.1.

gives a total of over 600,000 tons as against 825,000 tons actually shipped in the remainder of last year. The United States so far this year has taken 138,000 tons as against 234,000 tons in the first half of 1935. Future U.S.A. requirements to meet the domestic shortage are problematical. Crushers here have bought fair quantities of Indian linseed at rising prices, while on the Continent Plate has been in demand. Linseed oil has fluctuated slightly, but is steady at about the level of a week ago. Raw oil ex Hull for July-August delivery is quoted £26 10s. per ton (naked). Later positions are not so firm and are at a discount. Cottonseed has further advanced, old crop Egyptian being held for £8 2s. 6d. and new crop September for £7 10s. Cotton oil is steady but demand is slow.

RUBBER.—Prices have been steady throughout the period under review, and show no net change on the week. Although the market has been rather less active, business is still good and the demand in United Kingdom stocks continues. The spot price in New York on Wednesday was 16½ cents per lb., compared with 16½ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. to 7½d. for "October-December" shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 119,095 tons, against 120,857 tons a week earlier. A year ago stocks amounted to 173,311 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

LONDON, July 15th				The prices in the following are revised with the assistance of an eminent firm in each department.			
CEREALS AND MEAT				POTATOES—			
GRAIN, Etc.—				English Epicure.....			
Wheat—				SPICES—			
No. 2, N. Man. 498 lb.				Pepper, per lb.—			
Eng. Gaz. av. per cwt.				Black Lampung.....			
Barley, Eng. Gaz. av. ...				White Muntok.....			
Oats.....				Cinnamon—1st sort, per lb.			
Maize, La Plata, landed,				Cloves—Zanzibar per lb.			
480 lb.				Ginger—per cwt.—			
Flour, Lon. stan. ex mill,				Africa.....			
280 lb.				Jamaica, ord. to good			
Rice, No. 2 Burma, per cwt.				Mace.....			
MEAT—				Nutmeg, 65's.....			
Beef, per 8 lbs.—				SUGAR—			
English long sides.....				(Duty, 11/8 per cwt.)			
Argentine chilled hinds				Centrifugals, 96°, prpt.			
Mutton, per 8 lbs.—				shippm., c.i.f. U.K./Cont.			
English wethers.....				B.W.I., crystallised.....			
N.Z. frozen.....				Java, white, c. & f. India			
Lamb, per 8 lbs.—				Oct.-Dec.....			
N.Z. frozen.....				Nominal.			
Pork, English, per 8 lbs.				RUBBER—			
OTHER FOODS				Yellow Crystals.....			
English.....per cwt.				Cubes.....			
Irish.....				Crushed.....			
Danish.....				Granulated.....			
Dutch.....				Home Grown.....			
HAMS—				TEA—			
Canadian.....				Indian—per lb.—			
American.....				Pekoe.....			
BUTTER—				Broken Pekoe.....			
Australian.....				Orange Pekoe.....			
New Zealand.....				Broken Orange Pekoe			
Danish.....				Ceylon—per lb.—			
Dutch.....				Pekoe.....			
CHEESE—				Broken Pekoe.....			
Canadian.....per cwt.				Orange Pekoe.....			
New Zealand.....				Broken Orange.....			
English Cheddars.....				TOBACCO—			
English factory.....				(Duty, 9/8-10/8 per lb.,			
Dutch.....				Empire growth, 7/8-8/8			
COCOA—				8/8 per lb.)			
(Duty, British grown,				Virginia leaf.....			
11/8; foreign, 14/- cwt.)				Common to fine.....			
Accra, f.f., per cwt.				Rhodesian leaf.....			
Trinidad.....				Nyasaland leaf.....			
Grenada.....				Ammonia, carb. ton			
COFFEE—				Sulphate.....			
(Duty, British grown				Arsenic, lump.....			
4/8; foreign, 14/- cwt.)				Bleaching powder, per ton			
Santos sup. c. & f. cwt.				BORAX—			
Colombian, good.....				gran.per cwt.			
Costa Rica, med. to good				Do., powder.....			
East Indian.....				Nitrate of soda.....			
Kenya, medium.....				Potash—Chlorate, net.....			
EGGS—				Sulphate.....			
English.....per 120				Soda Bicarb.per cwt.			
Danish.....				Crystals.....			
FRUIT—Oranges				Sulphate of Copper, per ton			
South African.....boxes				CEMENT, best Eng. Portland, d.d. site,			
Brazilian.....boxes				London area, jute sacks, 11 to ton			
Lemons, Malaga.....cases				(charged and credited at 1/8d. each) or			
Sicilian.....cases				paper bags 20 to ton (free, non-return-			
Apples: Amer. (var.) bris.				able).....			
" (var.) boxes				4-ton loads and upwards 39/- per ton			
Onions.....				1 and up to 4-ton loads 41/- per ton			
Valencia, case.....				COPRA—			
Egyptian, bags.....				S.D. Straits c.i.f., per ton			
Grapes, Almeria, barrels				Sri Lanka South Sea.....			
Grapefruit, S. African ...				DRUGS—			
LARD—				Camphor.....			
Irish bladders.....				Japan, refined per lb.			
U.S.per cwt.				Ipecacuanha.....per lb.			

† These prices are for fuel oil for inland consumption—other than for use in Diesel engined road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations unless otherwise stated)

July 17, 1935, June 17, 1936, July 8, 1936, July 15, 1936					July 17, 1935, June 17, 1936, July 8, 1936, July 15, 1936				
Wheat, No. 2, Winter, nearest					Sugar, Cuban Centrifugals, 96				
future, Chicago, per bushel...					deg., spot, per lb.....				
85½					Cotton, middling, spot, per lb.				
Maize, nearest future, Chicago,					Rubber, smoked sheet, spot,				
per bushel.....					per lb.....				
84½					Petroleum, Mid-Continent crude				
Oats, nearest future, Chicago,					33 deg., to 33-90, at well, per				
per bushel.....					barrel.....				
34½					Copper, "Electrolytic," Do-				
Rye, nearest future, Chicago,					mestic, spot, per lb.....				
per bushel.....					7-62½				
46½					Copper, "Electrolytic," Export				
Barley, nearest future, Chicago,					prompt, per lb.....				
per bushel.....					7-90				
(a)					Spelter, East St. Louis, spot,				
Coffee, Rio No. 7, cash, per lb...					per lb.....				
6½					4-30				
" Santos No. 4, cash, per lb.					Lead, spot, per lb.....				
8½					4-15				
Cocoa, Accra, nearest future,					Tin, "Straits," spot, per lb.				
per lb.					52-50				
4-84					41-37½				
5-94					43-50				
5-95					44-12½				
6-11					* July 7				
(a) Nominal.									

THE ECONOMIST

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found in the Monthly Supplement which accompanies this issue, together with a chart of the Index from January, 1924, to date.

Examination of the trend of the Index in recent months confirms the favourable impression made by the daily news. The upward slope of the curve is not as steep as in 1933, but it is still distinctly upward, and the provisional figure for June is more than 5 per cent. above June, 1935.

Amid all these favourable indications, however, there are others of a different character, not so much unfavourable as evidence that the recovery movement has reached an advanced stage. In the first place, there are signs—not yet decisive, but certainly significant—that the whole structure of prices is beginning to rise. The Board of Trade Index of wholesale prices is nearly 5 per cent. higher than a year ago, and the cost-of-living index is more than 3 per cent. higher. As we show on p. 163, both the *Economist's* "complete" and primary products wholesale price index numbers have during the past fortnight risen to new high records since the end of the depression. What is perhaps more significant, wage rates, as measured by the London and Cambridge index, are 2½ per cent. higher than a year ago and still rising. There are rumours of increases in the prices of manufactured articles which do not enter into any of the indices, such as motor cars.

Another straw in the wind which has excited some anxious attention is the increase in the import balance of trade. If we compare the first halves of 1936 and 1935, we find that imports have increased by £43.4 millions, while exports are only £1.4 millions higher. Judged by volume, imports are 7 per cent. greater, while exports are 0.6 per cent. smaller. Does this failure of exports to advance any further denote a fundamental change, to Great Britain's disadvantage, in the world market? This question can only be answered, and then only tentatively, after detailed analysis. We have, accordingly, examined the export figures for the first half of 1936. Of the 45 main categories into which British exports are divided, 19 show decreases compared with the first half of 1935. But of these 19, only eight show decreases of more than £100,000 in value, and the remainder can therefore be dismissed as insignificant. Examining the eight important categories, one (coal) is entirely explained by diminished exports to Italy, and two (raw wool and oils, fats, etc.) are entirely and one (cotton waste) very largely due to diminished exports to Germany. Four of the eight are consequently indications of the commercial effect of political decisions rather than of economic tendencies in the world as a whole. One more category, cotton piece-goods, is more than adequately explained by a heavy reduction in exports to India. Only the remaining three show reduced exports to a long list of countries. These three are iron and steel and manufactures thereof, non-ferrous metals and manufactures, and chemicals. All, in fact, are commodities directly affected by the large new demand for re-armament. In these cases reduced exports can be largely attributed to a deliberate preference on the part of the British industries concerned for concentration on the domestic market. These industries are also those in which increased costs are likely to show themselves first, and this factor may also be playing some part.

If such conditions persisted for a long time, these industries might find that our customers had developed the habit of filling their needs from other sources. But, with this qualification, there does not seem to be much warrant for alarm over the balance of trade. There have been suggestions in some quarters that the pound has recently become over-valued. There is *prima facie* evidence of this in the rising price level, rising imports and falling volume of exports. But this suggestion also seems to disappear on examination, as the only countries which have considerably reduced their purchases of British goods appear to be Italy, Germany and India. In none of these cases can the cause be over-valuation of sterling. To deny over-valuation, however, is not to postulate under-valuation. Any competitive advantage that we gained in 1931 has now clearly been lost, and vigilance will be needed—and will presumably be exercised—to prevent sterling getting out of adjustment in the period of currency "re-alignment" ahead of us.

None of these qualifications of optimism is inconsistent with the normal development of the upward movement of

the trade cycle. It is natural for prices to rise towards the end of that movement, and it is also natural that a country which had the start over others should in the later stages of recovery lose some of its advantage in export markets. Of the beneficent trinity, the pregenitors of recovery—cheap food, cheap money, cheap sterling—two at least remain undisturbed. But there are the clearest indications that the present boom (the word is not exaggerated so far as Southern England is concerned) is in a stage of maturity. There are some who say that booms could, and should, be eternal. But the prudent man will assume, until proof to the contrary is produced, that booms, like men, are subject to a morphology which human efforts can influence but cannot alter. That being so, the prudent man will already be making his preparations for the change in the economic trend that must come some day, and may come soon.

ORDEAL IN SPAIN

THE five-year-old Spanish Republic is being tried in the fires of civil war. A new chapter of history is being written this week, as political history frequently is written, in characters of blood. As we write, bullet and bomb are determining whether power shall reside with the few or with the many—a question which was nominally settled by the victory of the People's Front last February. Once again, simple God-fearing officers of the Army, placing sympathies and interests of caste before allegiance to the State, have rebelled "to save Spain." The new factor—which has come in since the failure of the last foolhardy enterprise, headed by the late General Sanjurjo, in 1932—is the transition of the familiar constitutional theme into the major *motif* of the class struggle. Monarchist aspirations are not avowedly in question; the Generals are simply desirous of rescuing the country from Communism, though the result, unhappily, can only be to hasten its advent. A desperate emergency has already produced a *levée en masse* of the Spanish people reminiscent of the citizen fervour which defeated Napoleon in the Peninsula.

The armed struggle originated in Morocco, and is still in progress in all the chief military centres as we write. It was preceded by a disturbed period in which sectarian passions reached fever-point with the assassination, on July 13th, of Señor Calvo Sotelo, the one able figure of the Right, by a posse of uniformed "shock police." This foul deed was avowedly a reprisal for the earlier killing of Lieutenant Castillo, a man of known Socialist sympathies, by armed Fascist youths. On receipt of the news, Parliament was closed and the existing state of alarm prolonged, while wrangling sections of the Socialist Party and other Left groups made their peace with each other in anticipation of some kind of *coup d'Etat* by the Right.

Following a series of ominous "incidents," Señor Casares Quiroga, Prime Minister and Minister of War, had given orders for the removal from their posts of a majority of the military leaders serving with the Foreign Legion, whose part in the ruthless repression of the Asturias revolt of October, 1934, had made them particularly obnoxious to the adherents of the People's Front. It was, in fact, under the cover of this professional grievance that the Army in Morocco mutinied. Occupation of civil Government buildings by the military began at Laraiche at 11 p.m. on Friday night (July 17th). At 2 a.m. on the Saturday the garrisons in all the principal towns showed their hand, and in a very short time Melilla, Ceuta and Tetuan were under the control of the insurgents. Martial law was proclaimed, and from the broadcasting station at Ceuta messages were sent out announcing that transports of Foreign Legion units and native troops were crossing to the mainland. Meanwhile, the shock of the "criminal attack against the Republic" had overset Señor Quiroga's Government. The Prime Minister, a sick man, resigned rather than accept the demand of loyalist Army officers that a professional should be put in charge of the Ministry of War. This point, however, was conceded by his successor, Señor Martínez Barrios, the President of the Chamber; and two Generals were imported into the Cabinet. The Left Wing following of the Government thereupon took umbrage, and the Cabinet had to be reconstructed a second time, Señor Jose Giralt (another mouthpiece of Señor Azaña) becoming

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Prime Minister. Thus, the Government remained non-Socialist, but the labour unions issued a radio announcement that they would give unqualified support to any action the Government might take against the Fascist menace.

An official broadcast on Saturday morning bravely affirmed that the insurrection was confined to Morocco, the Canaries, the Balearic Islands and similar "outlying areas." The measures of defence which were promptly taken, however, belied these smooth words. A number of eminent but disaffected generals were incontinently dismissed and all officers above the rank of lieutenant in rebel regiments were relieved of their commands. News arrived that General Franco, a young and able officer who had been relegated to the Canaries for his part in a plot for a military dictatorship after the February elections, had placed himself at the head of a nation-wide revolt; that disaffected Army elements were mobilising for a march on Madrid from north and south; and that General Quepo de Llano, head of the *Carabineros*, had joined the mutineers. The Government, despite its claim that the bulk of the Army remained loyal, was taking no chances; it announced that, apart from the Civil Guard and shock police, it was relying primarily on the resistance that could be mobilised by the deputies of the People's Front. In Madrid itself the disciplined troops were at first confined to barracks, while the "private armies" of the Marxist (i.e. syndicalist) organisations were encouraged to parade. Wherever martial law was proclaimed, labour unions were officially authorised to retort by general strikes.

What with official and rebel leaders' broadcasts, censored and "interested" news messages, the picture of events since Saturday is confusing in the extreme. It is known that two pitched battles have raged in Barcelona and on the outskirts of Madrid, that the revolt has made considerable headway in Andalusia, and that a force some 8,000 strong from Navarre, the stronghold of reaction, is also leading a rebellion in the north. The rebel General Goded has surrendered in Barcelona, and General Sanjurjo, joint leader with General Franco of the enterprise, has perished in an air crash on his way from Portugal. The Air Force, with trifling exceptions in the Mediterranean and elsewhere, has been on the Government's side and has undoubtedly been an important factor. Units of the Spanish Navy have bombarded and are again threatening to bombard the rebels in Algeciras, Cadiz and other coastal cities captured by the insurgents. Popular feeling has been outraged by the placing of the Foreign Legion in the forefront of the rebellion and by the bringing over from Morocco of native troops—a serious error of psychology which has unquestionably strengthened the hand of the Government. Generally, the Government resistance in Madrid and Barcelona would seem to have upset the rebels' plans. The insurgents appear to have secured the backing of the Monarchists and Fascists, to whom they have appealed, only in the mountain passes of the north, where the peasantry is still imbued with the spirit of the Carlist wars. On the other side, the improvised citizen forces,

including youthful volunteers, women and old men—have clamoured for revolvers and pistols to fight for the Republic. These, and the well-trained "Red" militias, may turn the scales.

What a military junta might do with power, if they were successful, it is hard to say. In the present temper of the Spanish people, their tenure of power would be very precarious and would leave a trail of unimaginable bitterness behind it. As things are, an authoritarian Government of some kind may be inevitable, though not necessarily the "dictatorship of the proletariat." The Socialist militias, once accepted as defenders of the Republic, will not easily be demobilised. It may be reasonable to expect—assuming a Government victory—that an interim Committee of Public Safety or a "National" Government will be set up. Its way has been prepared by the inclusion of Señor Sanchez Roman, standing well to the Right of Señor Azaña, in the present Giralt Cabinet. From the latter the integral Marxists will probably stand aloof, though they may give full support to the inclusion of moderate Socialists like Señor Prieto, which they have hitherto fiercely opposed. Such an interim administration might well be succeeded by a People's Front Government pledged to a programme of pragmatic Socialism and thoroughgoing anti-Fascism on the lines now being followed in France by M. Blum. The poverty-stricken condition of much of the peasantry of Spain has created the conditions out of which revolutions spring. To ride such a storm as the present calls for very high qualities of leadership. Parliament, as we understand it in Great Britain, may well be condemned to disappear. Altogether the consequence of Spain's latest ordeal seems likely to be another leap into the political unknown.

FROM C3 TO A1

It was commonplace during the last war to hear of recruits ranked in health from A1 down to C3. Recently, the Minister of War has complained of the high percentage of peace-time rejections on account of health. Recently, also, there has gradually arisen widespread interest throughout the Western world in the relationship between poverty, malnutrition, and the agricultural or commercial policies of Governments. How far is disease caused by unbalanced diet? How far can Government policies, social and economic, be used to abolish malnutrition and under-nourishment?

These are questions which demand impartial investigation; and consciousness of that fact led the delegates of twelve countries, at the League Assembly last autumn, to ask for a full discussion of nutrition in relation to public health and economic and social organisation. The Assembly adopted a resolution requesting the Council, *inter alia*, "to appoint a Committee of agricultural, economic and health experts to submit a general report to the 1936 Assembly on the whole question in its health and economic aspects." This Mixed Committee, under the chairmanship

of Lord Astor, found it impossible to draw up in one year an adequately comprehensive report. They have therefore issued this week* an interim report on the fundamental problem of the relationship between nutrition and health containing preliminary observations on the economic and agricultural aspects, and reserving more detailed treatment for the final report.

A summary of the Committee's interim report, which is an admirably succinct, interesting and non-technical document, may well begin with the issue of the Quarterly Bulletin of the League's Health Section, in June of last year, containing a report by Drs. Burnet and Aykroyd of their investigations for the League. "Deficiencies in important nutrients (it was stated) are a common feature of modern diets, and . . . these deficiencies usually occur in the protective foods (foods rich in minerals and vitamins) rather than in the energy-giving foods (proteins, fats and carbohydrates)." It was long assumed that, provided an adult took in sufficient calories, their form did not greatly matter. But in the last thirty years scientifically controlled experiments have established that many of the child's and adult's diseases to-day can be ascribed to some deficiency in diet—generally to a deficiency in the balance of the diet, and mainly to a lack of "protective foods." Such foods are rich in vitamins, whose presence has been found definitely protective against certain diseases or disorders. They include milk, eggs, green vegetables, butter, cheese, and most fresh fruit. These protective foods, and the vitamins they contain, are most important for very young and growing children. Their absence causes, among other things, rickets, dental caries, and malformation of the pelvis in girls—the last being, in turn, responsible for a high rate of maternal mortality.

Now, malnutrition and defective diets are not limited to the poor urban areas or depressed agricultural regions of the world. "It is abundantly clear that in no country does the whole population attain the standard scientifically desirable in the interests of health." In November, 1935, the League's Health Organisation convened an international commission of physiologists from all countries, who speedily reached complete agreement on both dietetic principles and the composition of a rational diet. Yet the present Committee's report quotes the following passage from Sir John Boyd Orr's recent report†:—

Dividing the population (of the United Kingdom) into six groups according to income, the average diet of the lowest income group, representing 10 per cent. of the population, is inadequate for perfect health in all of the (diet) constituents considered. The diet of the next group, representing 20 per cent. of the population, is adequate only in total proteins and fats. The third group, containing another 20 per cent. and living at a better income level, has a diet adequate in energy value and protein and fat; but even the diet of this group is, on the average, below the standard in mineral and vitamin constituents. It thus appears that, in the United Kingdom, the diet of at least 50 per cent. of the population falls short of the desirable standard; and it is estimated that to raise the consumption of this low-income half of the population merely to the level of the next group would require an increase of 16 per cent. in the amount of milk consumed, 15 per cent. in that of butter, 18 per cent. in eggs, 12 per cent. in meat, as well as a 25 per cent. increase of expenditure on fruit and vegetables.

The International Labour Office's analysis of family budgets shows that both the gross calorie-intake and the consumption of protective foods increase in all countries as the worker moves up in the income scale. Thus, as that scale rises, more meat, fish, butter, eggs, green vegetables, and fruit, and less cereals, are consumed. "Workers' families with low incomes evidently find the protective foods too expensive and cannot afford them. The question of income is thus at the root of the workers' nutrition problem."‡ The well-to-do, in fact, are better protected from the ill-effects of malnutrition simply because their incomes allow them to diversify their diet. Thus, "the greatest single cause of defective nutrition is poverty"; for all the specially protective foods are the more costly.

* League Publication, II, Economic and Financial, 1936, II.B.3. London. Allen and Unwin. 2s.

† "Food, Health and Income." Macmillan. 2s. 6d.

‡ Report, p. 73; italics in original.

Malnutrition and disease, expenditure on social services, education, and much of the work of hospitals are all related to the general level of income. This leads directly to the conclusion of the report that the two first essentials of a sound economic policy directed towards improved nutrition are the absence of restrictions on the supply of foodstuffs, which tend to raise prices, and measures against avoidable fluctuations in the availability of supplies.

The Assembly is asked "to consider what steps should be taken, whether at the public charge or otherwise, to meet the nutritional needs of sections of the communities with low incomes, in particular as regards ensuring adequate supplies of safe milk for expectant and nursing mothers, infants, children and adolescents." The Assembly is further recommended "to take steps to improve and cheapen marketing and distribution of foodstuffs especially so that protective foods may be as far as possible available to all"; and "to consider the desirability of any modification of general economic and commercial policies that would help to secure the supplies of foodstuffs necessary for a sound nutrition policy." All countries since the war have run flatly in the face of these recommendations. They have jettisoned the cost of production as a criterion of their agricultural policies. They have endeavoured to prevent the prices of food from falling; and they have even, in some countries, raised food prices during the depression, by what Adam Smith termed "conspiracies against the public." It is the more disturbing, therefore, to learn from Sir John Orr that if every inhabitant of the United Kingdom lived on the standard diet for perfect health we should need to double our present milk output; and to know that Scandinavians, who drink that amount of milk per head, have a much better infant mortality rate than this country, and a better average state of health. It has been authoritatively stated that if every European lived on the standard diet, there would be a most appalling European shortage of certain foodstuffs.

All these "ifs" turn on costs and prices, and in almost every industrialised country these are now "controlled" by regulations of production, marketing, imports, and sales, in the interests of the agricultural community. But students of the League Committee's valuable but disturbing report can hardly fail to reach the conclusion that the solution of nutritional problems lies along lines not of restriction but of increased food production for the masses. To tax the majority in each nation, to ignore one of the main causes of disease while spending considerable sums of public money on remedial medicine and social services, and to pinch posterity on behalf of a minority is a myopic and unstatesmanlike policy. Sir Arthur Salter has declared that there can be no real overproduction till the last Hottentot lives like a millionaire. The Western nations will never lead their population from a C3 to an A1 health rating until they have frankly abandoned all measures whose logical conclusion is to make millionaires live like Hottentots.

A CLOSE RACE IN AMERICA?

(BY OUR WASHINGTON CORRESPONDENT)

POLL-TAKING is an American indulgence which Europeans do not sufficiently appreciate. An organisation which tries to measure public opinion by sending out 200,000 ballots obviously cannot pretend to give even an approximation to the opinions of 100,000,000 persons. This an outsider sees clearly enough. What he may miss is the effect on a large number of persons of discovering what the views of 200,000 happen to be. Thus the poll of the American Institute of Public Opinion, which has sent out 200,000 ballots on the relative popularity of President Roosevelt and Governor Landon, produced not very credible material on which to base a sound national appraisal. But the poll, one of a series, shows that Mr Roosevelt has suffered a substantial setback since the Republican convention, and now would win only 51.8 per cent. of the popular vote; and that Governor Landon, if the election were held to-day, and the poll were a true indication, would have a majority in the electoral college and become President. The effect

of this poll is to make large numbers ready to believe what they were not ready to believe a few months ago, that the Republicans have a chance of winning in November. As Republicans, themselves defeatists as lately as March and April, take on confidence, their organisation becomes more effective, and they can recruit votes with more conviction. It is a case where simply suggesting that the election in November will be close has a tendency to make it close.

Without relying on any poll, one can say that the political situation has undergone a marked change since the early spring. Then the Democrats had every reason to expect a walk-over in November. They counted then, too, on certain victory being based on a Democratic success in the solid South and the solid West. To-day, victory cannot be predicated on a solid West. The nomination of Governor Landon has made the West a doubtful harvest field for Democrats. The ground becomes still more doubtful in view of the rise of the Lemke party, and its possible success in uniting the numerous followers of Father Coughlin and Dr. Townsend. If the West is not to be Democratic, success in New York, Illinois and Missouri becomes of utmost importance.

Roosevelt would be elected if he carried the ten states of the solid South; the four border states of Missouri, Kentucky, Tennessee and Oklahoma; California; Wisconsin; and New York and Illinois. Together, these eighteen states have 271 votes in the electoral college, five more than a majority. Thus Roosevelt could win if every one of the remaining thirty states went Republican—which they are hardly likely to do. But if Roosevelt fails to carry New York with 47 votes or Illinois with 29, he would have to carry several smaller states to make up for the loss. The election can be said to hinge on New York and Illinois, and in a lesser degree on Missouri.

We may examine this position more closely. In New York the outcome depends on the New York City vote, dominated by Tammany, though not as much as it used to be. The Republicans will probably carry up-state New York by a comfortable, perhaps a large, majority. But this will be wiped out if the Tammany organisation in New York City is both loyal and active for Roosevelt. In Illinois the Republicans will carry the down-state easily, and Cook County (Chicago) will turn the tide. If the Kelly machine remains loyally Democratic, Chicago will have a decisive influence on the national outcome. Similarly, the Pendergast machine in Kansas City will have to overcome an almost certain Republican majority in the rest of the state if Roosevelt is to have the Missouri vote in the electoral college. Tammany and the Kelly and Pendergast machines are among the most disreputable factors in American political life, and it is not without irony that the crusading Roosevelt, battling for the "good," is relying for victory on the South—certainly not overweeningly Liberal—and the loyalty of the three worst city machines, without all of whom he would most certainly be defeated.

There can be little question that Roosevelt's strategy has changed since early spring. His acceptance speech, with its "battle-cry" and its appeal to class feeling, was not aimed at the West or Middle West, but at industrial and urban voters. In other words, the contest is going to be much closer than the Democrats themselves believed a short while back. And there has been a shift to a new, temporary alignment for the sake of the immediate victory. Temporary, it is bound to be. There is no economic or social unity which conceivably can make the solid South a permanent political ally of New York and Illinois. The alliance of the South and West was one to build upon, but it has had to be abandoned because of the nomination of the Kansas Governor Landon. The present alliance has no future; and even if it wins for the Democrats in 1936 it can hardly repeat its victory in 1940. Some other Democratic brotherhood will have to be founded in the next four years.

The loyalty of the three great city machines, then, becomes of crucial significance, and here no poll can be taken. Part of Tammany has been at war with Postmaster-General Farley. Shortly before the Democratic convention the President made a bold bid for Tammany friendship in three nominations for Federal judgeships which were denounced by the New York Bar Association.

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Tammany, to speak in the American vernacular, may not double-cross Roosevelt, and yet it may not take its shirt off and work hard for him. Without its hard work, Roosevelt may not carry New York State. In Chicago the situation is also somewhat in doubt. The Kelly machine is impregnable on paper, but it enrolls many Republicans who have simply gone over to the dominant leadership. Once Chicago had a Republican machine, and no doubt it will have another some day. It might begin to change its complexion this year, and if it did Roosevelt and the New Deal might pay the price. Only the Pendergast machine in Kansas City can be said to be utterly reliable.

The outcome of the election will depend, then, on factors which polls do not reveal—namely city machines first of all, and then the ultimate united strength of the Coughlin-Townsend-Lemke following. It is much too early to guess about either. Until more is known about them no reliable forecast is possible. If the election were held to-day the probability is that President Roosevelt would win, but even to-day by a close vote.

DEPRESSION IN DANZIG

(BY A SPECIAL CORRESPONDENT)

DANZIG has once more been very effectively brought into the limelight. Not only is this due to the Nazi President of the Danzig Senate, who "cocked a snook" in the League Council, but also by the intensification of the reign of terror over the Danzig Opposition which Herr Greiser announced, with the approval of Berlin, last week-end.

Except among jubilant members of the Nazi Party, who glory in the humiliation of Geneva, gloom and uncertainty prevail in Danzig to-day. This is true both on the political and the economic plane. The totalitarian menace to the Free City's constitution, which is still nominally guaranteed by the League, is immediate and all-pervading. Whatever developments the future may bring, the economic outlook before Danzig is the reverse of bright. Whether one considers the standard of life, the Budgetary position or the commercial prospect there is nothing very pleasing to report. Since the currency collapse in May, 1935, a sharp deflation has followed the devaluation, and great hardship has resulted. Prices have remained fairly steady since the end of last summer; but there was a sharp rise in the cost of living between the devaluation in May, 1935, and August last, of 40 to 50 per cent. Wages have remained nominally what they were, except where a few foreign employers have been able to raise them. The consequent decrease of real purchasing power has also been accentuated by the removal of a number of retired officials and officers of the Reich, so that a noticeable reduction of the spending population has occurred. There has been no definite panic or run on the banks since the summer of 1935; but two points deserve notice. First, the circulation of bank-notes, which used, before the Nazis took over the Government in 1933, to be

in the neighbourhood of 33 million gold gulden, and rose under the Nazi administration to an average of about 40 million gold gulden, fell to 33 million depreciated gulden in May, 1935, and has been under 30 million depreciated gulden almost without exception since that date. The figures published on June 16th and July 2nd of this year were 27,122,540 and 29,956,400 depreciated gulden respectively. Secondly, whereas the money in the savings banks on December 31, 1934, amounted to 45,746,805 gold gulden, the figure for December 31, 1935, was 34,963,195 depreciated gulden; and there is nothing to suggest that savings have appreciably increased since then.

At the end of last March the Nazis published a Budget for the financial year in advance for the first time since they took over the government. There was even a certain amount of debate about it in the Volkstag. The figures produced by the Government were so very round that it was impossible for the Opposition or the public to obtain any exact picture of the finances of their State. It is clear, however, that a deflationary has replaced an inflationary policy; public works on the grand scale have, for instance, been called off; and, where the authorities do not see fit to continue the dole, the unemployed are either sent to Germany or put on to mending old roads. Taxes are exceedingly high, and tax evasion has been made more difficult. All Budgetary discussions are, however, extremely unsatisfactory, since the large non-Nazi public is not convinced of the accuracy of the published statements. It seems certain that Government and Nazi Party funds are not kept strictly separate, and that political motives enter into financial policy. While the Nazi Party obtains particular privileges in financial, as in many other matters, it provides a channel by which certain sums of money still flow from Germany to Danzig. To take one example, the Danzig Government last year found itself unable to complete the new State Theatre. Since then "money from a private source" has enabled completion, and everyone presumes that the money came from Germany to save Nazi prestige; for the National Socialists had set great store by their attempt to serve culture in the "German outpost of Danzig."

Technically, the currency situation is satisfactory. That is to say, since the devaluation of the gulden in May, 1935, the value of the gold cover, which had fallen to 35 per cent. of the note circulation, has been restored to a fairly steady average—about 70 per cent. Though annual services on Danzig's foreign debt are high, the Bank of Danzig seems confident that they can still be paid in full. It should here be observed that the chief loans made to Danzig from abroad were due to the League of Nations, without whose influence not one penny would have been obtained. Though the League did not, as in the case of the Austrian loans, take direct responsibility, it sponsored the transactions and appointed trustees. Thus, when Herr Greiser complained at Geneva on July 4th that the League had

done nothing for Danzig, the indictment lacked even a rhetorical foundation.

It is generally agreed that clearing arrangements have very substantially reduced the amount of Danzig gulden—estimated a year ago at 15 million—frozen in Germany. Last year it was generally expected that Poland would successfully press Danzig into adopting the currency of Poland. For a time Polish zloty circulated pretty freely in Danzig, in spite of the immensely strong resistance Danzigers have always shown when faced with the loss of what they regard—against Poland—as their one token of sovereignty: their independent currency. The threat was ended by Poland's currency crisis last spring. With the introduction of Polish currency control towards the end of April, the whole economic position of Danzig was vitally affected. Although the devaluation, by dragging down the Danzig standard of living towards the Polish level, had enabled Danzigers to compete more easily with Poles, the harbour statistics show that Danzig's trade, particularly her imports, continued to drop behind that of Gdynia.

The introduction of currency control in Poland removed the zloty from circulation in Danzig; it has also drawn attention to Poland's unsatisfactory economic position, which is thought likely to deteriorate further. This causes a hesitating trader to send *via* Danzig rather than Gdynia; but it hampers the Danzig merchant in forwarding the goods so much that he would be almost as well without the commission. The Poles have introduced a system of blocked zloty, called *Daki-zloty*, for trade with Danzig. It is, of course, the Danzig importer rather than exporter who is hit by this system. The Danziger who imports herrings from Britain to Poland, for instance, first of all has the difficulty that his British suppliers will no longer give him credit; and, secondly, he finds that he is paid by the Poles in blocked zloty, or *Dakis*, which can only be used to buy goods in Poland and Danzig. In July the herring traders are accustomed to lay in their stocks for the year, but it is noticeable, to-day, not only how small the volume of purchase has become as a whole, but also how the biggest firms buy least—Lever's representatives, for instance, can afford to wait and see. It is even uncertain whether the Bank of Danzig could produce all the *devisen* required for the large purchases usual at this time of year. Actually the herring importers have hopes that Great Britain will take steps to safeguard her herring markets, but the other importers—the cotton merchants, for instance—lack even this consolation.

Political uncertainty adds to the gloom. If reunion with Germany should come unexpectedly soon—and provided that Germany did not take the Polish Corridor and Polish Silesia as well—Danzig, severed from the Vistula, would be definitely worse off. Further, the anti-Semitism of the Reich would eliminate a very large part of her experienced commercial personnel. Lastly, the smell of war is in the Baltic air, too; and Danzigers know the rôle of their city if war comes.

NOTES OF THE WEEK

Mr Baldwin on Foreign Policy.—Last Saturday, both the Prime Minister and the Foreign Secretary discussed the Government's foreign policy in public speeches. The highest common factor in their speeches gives us rather a clearer idea than we have hitherto been able to obtain what the present Government's foreign policy now is—or, perhaps we should say, what it is not. Mr Baldwin began by tilting against the out-and-out pacifists. This was rather irrelevant; for these pacifists have no more chance in this country than in any of its neighbours of becoming a serious force in practical politics—at least, not before we have been overtaken by another international catastrophe. In this country, the resignations, last autumn, of Mr Lansbury, Lord Ponsonby and Sir Stafford Cripps from their positions in the Labour Party were the decisive events. The Labour Party now is, and will almost certainly continue to be, at one with the

Conservative Party in being prepared to use armed force, in the last resort, in the conduct of international affairs. More than that, all parties in this country are also at one in their extreme reluctance to make use of this terrible instrument of policy. What they disagree about—and here the cleavage is profound—is over the issue for which this country ought to resort to the *ultima ratio*. Even here, there is still nominal agreement; for the Government, notwithstanding their Italo-Ethiopian record, insist on professing undiminished devotion to the League of Nations. But, in the light of that record, the Opposition now openly and militantly profess thoroughgoing scepticism about the sincerity of the Government's protestations; and, in sounding this note of scepticism, Mr Attlee and his colleagues undoubtedly express a misgiving that is deeply felt to-day by a much wider circle of people in this country than is represented by the membership of the Labour Party. To

this scepticism Mr Baldwin referred last Saturday in plaintive accents. He went on to claim that, "when the responsible Government at any time expresses its view that the country requires its deficiency made good and it requires recruits," then, irrespective of any misgivings about either the rightness of the Government's policy or the efficiency of its measures, all parties ought to club together to present the Prime Minister with a blank cheque. This is not only unreasonable; it is a surprising piece of political presumption. When the Government itself sounds a warning that the country is in danger, the rest of us have more ground than at ordinary times for demanding satisfactory evidence that the Government is not guilty of follies and incompetences that might conceivably be tolerated in less critical hours. The Opposition has every right to-day to insist on bringing the Government's true aims and activities to light before even thinking of giving the Government unqualified support.

* * *

—**And Mr Eden.**—Is the Government's foreign policy still really a League policy, or is a very different policy now beginning to show through beneath the Geneva veneer? "We are a people," said Mr Baldwin, "who seek peace and who are not easily provoked, but who will fight to the last man if their own [sic] liberties are encroached upon by any nation upon earth."—"Nobody," said Mr Eden on the same day, "should imagine that, because we in Great Britain wish passionately for peace, that fact presents an opportunity for inducing us to abandon direct [sic] and vital British interests as the price of peace." These two passages agree so closely that they must at last represent some clear understanding in the Cabinet over British policy. Taken together and by themselves they mean that this Government will fight for the territorial integrity of the British Empire, perhaps inclusive of Mandated territories, but for nothing else in the world. This interpretation of the Government's policy is borne out by the rider which accompanied the main statement in the Foreign Secretary's speech. "There are certain parts of Europe in which Britain has, and has had for centuries, a special interest, and in respect of which she has undertaken to maintain certain guarantees." In other words, France and Belgium—and possibly Holland as well—are to be treated as though they were British territory, in the sense that any attack on them will be taken by us as a *casus belli*. But this is the limit of the occasions for which we are prepared to go to war. For, though "this does not mean that we disinterest ourselves from events elsewhere in Europe," the implication is that any interests that we may feel elsewhere will be felt as platonically as they have been recently felt by the Government in Ethiopia. It seems clearly implied that the Government have decided never to treat collective security—that is to say, the maintenance of a "King's Peace" in the international field—as a "vital" British interest, on behalf of which we shall fight when that is required for the genuine fulfilment of our obligations under the Covenant. As Mr Eden said, in his defence of our decision to drop sanctions against Italy: "The maintenance of the then existing sanctions could not reverse the course of events and restore the situation in Abyssinia." The implication here is that any intensification of sanctions which might have led to war between us and Italy was an alternative ruled out from the very beginning. Is this really the new foreign policy of the United Kingdom?

* * *

Defence in the Dark.—On Monday a lively debate took place on Supplementary Estimates for the rearmament programme and for co-ordination of defence. Sir Thomas Inskip, Minister for Co-ordination of Defence, confirmed the appointment of Vice-Admiral Sir Harold Brown as Director-General of Munitions Production, but added that Sir Harold would only assist the War Office, not all three Services. Sir Thomas went on to talk of "what is really a formidable programme"; of "regular sources of supply . . . used to their utmost capacity"; of "professional firms and others . . . in receipt of orders

on a yearly basis which will strain their capacity to the utmost"; and of fifty-two new firms being offered munitions contracts. Replying to an intervention by Mr Churchill, the Minister confessed that not all these firms had the necessary machine tools and jigs to perform their contracts. The Minister and his Department would pay careful attention to the need for prompt deliveries, so that at least seven-eighths of the Government's requirements of shells, fuses and cartridge-cases would be duly provided. The Royal Filling Factory would be transferred from Woolwich, in part to South Wales (Bridgend), in part to Lancashire (Chorley) and in part to "a place in Scotland"; and a filling factory at Hereford would be brought into full operation. This step would involve delay in the programme, but it "was absolutely necessary and right." Gun manufacture was already proceeding "not only to the full works capacity, but to labour capacity"; and a former gun factory at Nottingham would be re-installed and set to work. Sir Thomas then made an appeal for recruits to man the guns, during which he uttered the two surprising statements that defence of "their own homes and their own employment had nothing to do with foreign policy," and that "if anything is true defence it is our Air Force." The latter declaration ill consorts with Mr Baldwin's indication that the bomber will always "get through" and that the only real defence from aerial attack is an overwhelming counter-attack—which is poor defence for the bombed. The Minister admitted that comparison of the first-line air strength of this country with that of others is "fallacious," for the cryptic reason that "such calculations take no account of Great Britain's special position." Whether he intended a hint that our "reserves," all first-line quality, were much greater than those of other countries was not clear. The Minister reiterated the Government's pledge against profiteering; announced that the sub-committee of the Committee of Imperial Defence on food supplies had arranged for an increase in agricultural output in time of war, and for special transport provisions so as to enable imports of food to arrive only at Western ports; and that the Billingham "oil from coal" plant, which it is now admitted is "very assailable and vulnerable," should be duplicated, "possibly in South Wales." The Minister wound up with the threat of "further Supplementary Estimates from time to time, and possibly for even larger sums," on account of machine tools, etc. Mr Churchill again urged the need for a supreme Minister for Defence: "The Government have created a labyrinthine tangle of committees with an able and unfortunate Minister flitting about between them, and they call it the Co-ordination of National Defence." Over the whole debate there brooded a latent sense of political *malaise*. The Labour Party's attitude was summed up by Mr Alexander: "We do not believe that the Government in its present structure, in its present foreign policy, in its present international outlook, can be trusted, and we will not vote this money as long as that condition of affairs obtains."

* * *

Unemployment Assistance: the Big Debate.—On Tuesday the three days' debate began on the Government's motion to approve the new Draft Regulations for the assistance of the able-bodied unemployed who have exhausted their rights to contractual benefit. The House could not amend the Regulations (analysed in a leading article last week), but could only accept or reject them outright. Mr Ernest Brown, Minister of Labour, proposing the motion, pointed out that neither under the contributory unemployment insurance scheme nor under the unemployment assistance scheme had any other country been able to give so much practical attention to its able-bodied unemployed. He reminded the House that the State in April,

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ASSURANCE COMPANY LIMITED

(Established 1886)

Annual Income	£6,200,000
Funds	£26,000,000

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1933, accepted full liability for relieving all able-bodied unemployed not over 65. On the necessity for the "means test," the Minister urged the need to differentiate the rates of contributory benefit and of assistance, to achieve an impartial uniformity in assistance, and to prevent household economic units from deriving more money from assistance than from the earnings of some of their members. He also asked how long the contributory insurance system could be expected to last if assistance were to be given on the same automatic terms as benefit. He then explained the scope of the Regulations. Mr Dingle Foot and Mr. Graham White, for the Liberals, criticised the details of the new Regulations. It was not made clear in the course of the subsequent debate whether the Labour Members' opposition was to every assessment of needs—which implies assessment of means—or only to the household "means test." This was unfortunate, as it is surely evident that no State system of assistance to the able-bodied unemployed can be tolerably financed without assessment of individual means; and that implies some examination of individual income from all sources; and income includes such "real" elements as residence within or without a household unit. On Wednesday the debate was extended to back-benchers; the Government held its hand; and an all-night sitting carried the debate right through to Thursday night. No division had been taken when we went to press.

Locarno: What Next?—The three-Power Locarno meeting this Thursday and Friday appears to represent a compromise between French and British desires. Separate consultation between only the three Western members of the Locarno group is a concession to the wishes of France. Britain, however, has seen to it that the meeting shall be explicitly treated as an overture to a wider meeting in the autumn, that the present place of assemblage shall be London and not Brussels; and that the other two Locarno Powers shall be kept fully informed of proceedings from which they are absentees—Germany because she has not been invited to be present, and Italy because a pressing invitation has not been accepted by her. The next meeting, which the British Government plans for the autumn, is to include Italy and Germany. The first notion which this suggests to the layman is that the five Great Powers of Europe will meet one another round the table precisely in the manner of the pre-war concert of Europe. In fact, it is a meeting of the five Locarno Powers; the two West European Great Powers and the two Central European Great Powers will be there; but Number Five will not be Russia, but Belgium. The hope is held out to us that the conference in the autumn may be followed in due course by a still larger one at some later date, for which invitations will be sent to Russia—and presumably to the States-members of the Little Entente and the Balkan Entente—as well as to the five signatories of the Locarno Rhineland Pact. This programme may be duly achieved; and we devoutly pray for a blessing on the Foreign Office's efforts. At the same time, we doubt whether this scheme of successively widening conferences is good diplomacy. Why, this week, has it been a three-Power meeting only? Simply because France is unwilling to admit Germany into the circle. And supposing that we can overcome this French objection to a round-table discussion with Germany, why is the next conference, which is to include Germany, not planned to include Russia as well? Simply, of course, because Germany's attitude towards Russia is an exaggerated counterpart of the French attitude towards Germany. If Europe is still to be saved from the fate of dividing into two camps in preparation for another general war, a supreme effort ought to be made to bring all five European Great Powers together without further delay.

Signatures at Montreux.—As we were able to record last week, agreement has been finally reached at Montreux. If a war breaks out in which Turkey is a neutral, belligerent warships are only to be given passage through the Straits when they are acting in fulfilment either of the League Covenant itself or of some regional mutual

assistance agreement, within the framework of the Covenant, to which Turkey herself is a party. The arrangement as it now stands—and as it has been embodied in the new treaty signed on Monday—effectively fulfils the desiderata of the Franco-Russian-Roumanian group, and on that account is presumably distasteful to Germany—and perhaps to Italy too. The truth is, of course, that Turkey is *de facto* a member of the Franco-Russian camp already. To Roumania she is formally bound by the Balkan Entente statute; and she can now bind herself any day in similar fashion to France and Russia, either by adhering to the existing Franco-Russian Pact, or by the negotiation of special diplomatic instruments. Two significant provisions of the new Straits Convention are the abolition of the Straits Commission (which is a pity) and the authorisation given to Turkey to carry out her reoccupation of the demilitarised zones upon the signature of the Convention, without waiting for its ratification. This Turkish troops duly and ceremoniously accomplished on Tuesday. It was, of course, a foregone conclusion, before the Montreux Conference was convened, that the military, naval and air control over the Straits would now once again pass into Turkey's hands. Turkey herself regarded this as an urgent and vital necessity for her national security, while it was desired, almost as strongly, by her two friends Russia and Roumania. In these circumstances, no opposition at Montreux could have averted a *fait accompli*. The Straits were going to be, and now are, in the hands of that East European *bloc* of non-aggressive-minded countries: the Balkan Entente, the Little Entente and the Soviet Union. Through the Straits, these countries hope to keep open their communications with France in case they all find themselves at war with Germany. Between France and the Straits, however, stands Italy; and it remains to be seen what Italy will say. The Turkish Government have invited Italy to accede to the new Straits Convention, notwithstanding her non-participation in the Montreux Conference; and at the same time they are reported to have informed her that, in their view, the Anglo-Turkish mutual assistance agreement under Article XVI of the Covenant has lapsed with the abandonment of the application of Article XVI against Italy. Italy is thus "sitting pretty." She can put her goodwill up to auction; and either Germany on the one hand, or the Franco-Russian group on the other, will bid for it.

An Australian Dilemma.—Australia, with a trade war against Japan already on her hands, as a result of her last essay in Imperial preference by the method of the "shut-out bid," is now faced by an internal trade dilemma not unlike that of President Roosevelt's administration after the rejection of the New Deal by the United States Supreme Court. On Friday of last week the Judicial Committee of the Privy Council, in the case of *James v. Commonwealth of Australia and Others*, allowed an appeal by a South Australian grower and processor of dried fruits from an order of the Australian High Court confirming the seizure of certain consignments of dried fruits under the Dried Fruits Act, 1928-35. The effect of the judgment is to invalidate the Australian system of control over the marketing of certain primary products, under which producers are compensated by a relatively high fixed home price for a lower export price. The prohibition of trade in dried fruit between one Australian State and another, except under licence, has been found contrary to Section 92 of the Constitution (which declares that commerce and intercourse among the States shall be "absolutely free"), and it remains unconstitutional even if the Commonwealth and the States agree jointly to measures of trade restraint. The Commonwealth Government is now faced with the alternative of abandoning its system of controlled marketing—which affects other products, including wheat—or endeavouring to attain its end by different means, such as the imposition of excise duties or other forms of special taxation. The prospect of securing a change in the Constitution by referendum does not appear bright, for certain of the States are bitterly opposed to any fresh extension whatever of the Commonwealth's powers, and the principle involved, in this case, is fundamental.

World's Shipping Tonnage.—The statistics of gross tonnage of the world's shipping, given by the tables of Lloyd's Register Book for 1936-37, show an increase for the first time since 1931. The total of 65,063,643 tons compares with 64,885,922 tons for a year ago, the rise of 0.3 per cent. being the resultant of an increase of 985,908 tons of motor vessels and a decrease of 708,340 tons in steam tonnage. Great Britain's share (which is 26.8 per cent. of the world's steam and motor tonnage) has decreased from 17,400,409 to 17,285,459 tons, a fall of 0.7 per cent., which is roughly equivalent to the rise in all other countries combined. Decreases are also shown by the United States (2.9 per cent.), France (0.8 per cent.), and Holland (1.8 per cent.), while Japan and Norway are among the countries whose tonnage has risen. Rather less than half of the world's tonnage belongs to the 4,000-8,000 ton group; some 49 per cent. of this country's tonnage falls in that category, and 63 per cent. of that of the United States. Some 35 per cent. of British ships are under 10 years old, compared with 27 per cent. for the world. During the past twelve months steam tonnage as a whole has fallen, but there has been a rise of 47,000 tons in vessels fitted with turbine engines. Motor tonnage still amounts only to 18.9 per cent. of the whole, but its total has risen by over 9,500,000 tons in the past ten years. Motor-ships form a proportion of total tonnage which varies widely between different nations; Norway has 51.8 per cent. of her tonnage in this form, while the other two Scandinavian countries and Holland each have over one-third. Great Britain has 18.4 per cent. in motor-ships, and the United States only 5.8 per cent. Coal and oil (either for boilers or internal combustion engines) are now used by practically equal proportions of the world's tonnage. Some far-reaching changes are revealed by a comparison between 1936 and 1914. At 64,005,000 tons, the world tonnage of steam- and motor-ships is 18,601,000 tons more than 1914; but in the same interval this country's tonnage has fallen from 18,892,000 (41.6 per cent. of the whole) to 17,183,000 (26.8 per cent.). The United States' proportion has risen from 4.5 to 14.7 per cent.

A European Coke Cartel.—The proposal for a European coal agreement has never ceased to attract attention in all European coal-exporting countries. Up to the present there have been merely bilateral arrangements, like those which regulate British coal exports to Germany, and the Anglo-Polish marketing agreement. Yet an agreement on the European coke market seems at last to have been reached. The intention is to terminate the ruinous competition among coke exporters, especially in Scandinavian markets. An agreement has now, after several months of very difficult negotiations, been concluded and is to be brought into force at once, in spite of certain reservations by British and Belgian exporters. The agreement covers prices as well as quantities. A minimum average selling price of 19s. 6d. per ton f.o.b. port of export, has been fixed; but Dutch and Belgian exporters are allowed to sell down to 19s. The new minimum selling price represents an improvement of 1s. 6d. to 2s. per ton compared with the average price in 1935. Export quotas have been fixed as follows: Germany 52.30 per cent., Great Britain 21.0 per cent., Holland 17.0 per cent., Belgium 7.0 per cent., and Poland 2.7 per cent. These quotas are based on the actual exports in 1934 and 1935. The Scandinavian countries take almost the whole of British shipments. The agreement, which applies first of all to the Scandinavian market, is therefore of considerable importance for the British coke trade. To enable a comparison between exports and output, the following table shows the production figures of the cartel members (not including gas coke) in 1935:—

(Metric tons)	
Germany	29,556,000
Great Britain (1934)	11,697,000
Belgium	4,678,000
Holland	2,146,000
Poland	1,388,000

As freights to the consuming countries amount to roughly one-third of the f.o.b. prices (e.g. the rate from Hull to Horten, Norway, is 7s. 3d. per ton), orders to coke exporters

are to a large extent dependent on shipping facilities. By limiting and distributing the coke exports of the individual countries, competition, it is hoped, may be minimised in future, so long as demand does not fall below that of 1934 and 1935, on which the quotas are based. The scheme provides fines for exceeding the quotas; these are low for small over-exports, but very high as soon as actual exports considerably exceed the quotas. The success of the coke agreement depends largely on developments in the coal markets. Coke prices cannot be raised for a long period without raising the prices of coking coal. The coke agreement may be regarded as a first step towards a comprehensive international coal cartel. If, however, cut-throat competition in the European coal markets continues, the coke cartel will certainly have difficulties with which to contend.

Sterling and International Prices.—There has been a further advance in British wholesale prices, and both the *Economist's* British index numbers have this week established new high records since recovery began. The complete figure has risen by 1.5 per cent. and the primary products index by 3.7 per cent. Prices in the United States have been more hesitant. The *Economist's* primary American index has risen by 1.3 per cent., again to a new high record, but the Irving Fisher general index number, relating to last week, has fallen by 0.6 per cent. French wholesale prices have risen by 0.8 per cent., while German wholesale prices continue to harden:—

SEPTEMBER 25, 1931—100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistik Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)				
1932							
Jan. 27th	108.3	115.7	93.8	140.9	93.6	95.8	91.6
Apr. 20th	103.8	105.4	88.6	129.5	89.0	95.3	90.3
July 27th	99.5	103.5	84.1	136.9	88.3	91.8	88.1
Oct. 19th	103.1	112.8	84.0	143.8	83.6	96.8	86.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	80.5	90.2	83.8
Apr. 19th	98.7	104.6	88.7	141.4	82.8	96.2	83.4
July 28th	108.1	120.6	124.7	145.7	100.9	96.2	86.6
Oct. 18th	106.4	112.8	109.1	155.4	109.7	84.6	88.1
1934							
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	88.5
Apr. 25th	108.2	119.8	125.3	159.6	106.0	85.4	87.7
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	91.1
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	93.0
1935							
Jan. 30th	110.8	124.6	152.4	167.2	118.3	79.1	92.8
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	92.6
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	98.2
Oct. 23rd	118.4	133.6	144.9	166.4	123.7	79.1	107.3
1936							
Jan. 1st	118.1	131.2	143.8	166.2	121.8	80.7	94.0
Jan. 29th	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 26th	117.4	132.8	145.0	166.0	120.7	85.2	95.2
Mar. 11th	117.3	134.5	144.4	166.0	119.5	85.6	95.2
Mar. 25th	117.4	133.9	144.3	165.8	119.8	85.2	95.8
Apr. 15th	117.7	133.3	145.1	165.8	119.8	85.0	95.4
Apr. 29th	117.3	132.8	143.2	165.8	119.2	85.0	95.3
May 13th	116.7	131.0	141.8	164.8	117.4	85.2	95.3
May 27th	115.5	130.1	140.5	164.3	117.7	85.2	95.4
June 10th	115.7	130.6	141.1	163.3	119.3	85.4	95.7
June 24th	116.2	133.2	147.0	163.2	119.8	84.1	95.5
July 8th	116.9	135.4	155.2	163.6	121.5	85.4	95.7
July 22nd	118.7	140.4	157.2	163.4	120.8*	86.1*	95.8*

* These figures relate to July 15th.

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

"ECONOMIST" INDEX
(1927 = 100)

	Sept. 18, 1931	June 24, 1936	July 8, 1936	July 22, 1936
Cereals and meat	64.5	72.8	72.9	74.5
Other foods	62.2	58.8	59.5	61.2
Textiles	43.7	59.2	59.9	61.0
Minerals	67.4	80.8	81.3	82.5
Miscellaneous	65.8	77.8	78.1	77.7
Complete index ..	60.4	70.2	70.6	71.7
1913 = 100	83.1	96.6	97.1	98.6
1924 = 100	52.2	60.6	61.0	61.9

In the cereals and meat group, wheat, maize, rice, potatoes and bacon are all higher than a fortnight ago. There were increases in butter, coco-oil and cocoa. Among textiles, cotton continues to advance, while there has been a sharp recovery in wool. Jute is again cheaper. In the minerals group, copper, lead and spelter were all dearer. In the miscellaneous group there was a drop in petroleum, and rubber and linseed oil fell slightly.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

STEADILY RISING NATIONAL INCOME

A COMPREHENSIVE review of American economic developments in recent years is given by the report on the national income published by the Department of Commerce this week. In 1935 the income had recovered to 65.4 per cent. of the 1929 total, after having fallen in 1932 to 48.8 per cent. of the 1929 total. That portion of the national income which is actually paid out did not reach so low a point, touching in 1933 only 57.2 per cent. of the 1929 figure, and recovering to 68.1 per cent. in 1935. The distributed portion of the national income did not fall so low as the income actually produced because of corporate and individual deficits ("negative savings"), which dwarfed Governmental deficits. The following table tells the story in detail:—

NATIONAL INCOME PRODUCED AND PAID OUT
(Millions of dollars)

Item	1929	1930	1931	1932	1933	1934	1935
Income produced	81,034	67,917	53,584	39,545	41,742	48,397	52,959
Total savings	2,402	-5,015	-8,120	-8,817	-3,198	-1,776	-628
Corporate savings	1,423	-3,909	-5,877	-6,366	-2,796	-2,340	-1,443
Business savings of individuals	979	-1,106	-2,243	-2,451	-402	563	815
Total income paid out	78,632	72,932	61,704	48,362	44,940	50,173	53,587
Total compensation of employees	51,487	47,198	39,758	30,920	29,420	33,528	36,057
Salaries (selected industries)*	5,663	5,548	4,806	3,387	3,048	3,250	3,417
Wages (selected industries)*	17,197	14,251	10,608	7,017	7,189	8,944	10,149
Salaries and wages (all other industries)	27,690	26,409	23,461	19,417	17,591	19,048	20,173
Work relief wages†	937	990	1,083	1,099	819	1,389	1,313
Other labour income	...	...	...	...	973	899	1,005
Total dividends and interest‡	11,218	11,392	9,784	7,980	6,969	7,211	7,303
Dividends	5,964	5,795	4,312	2,754	2,208	2,549	2,830
Interest	5,104	5,305	5,169	4,975	4,592	4,569	4,422
Entrepreneurial withdrawals	12,503	11,666	10,086	7,992	7,306	8,052	8,701
Net rents and royalties	3,424	2,766	2,096	1,470	1,245	1,382	1,526

Percentages of 1929

Item	1929	1930	1931	1932	1933	1934	1935
Total income paid out	100.0	92.8	78.5	61.5	57.2	63.8	68.1
Total compensation of employees	100.0	91.7	77.2	60.1	57.1	65.1	70.0
Salaries (selected industries)*	100.0	98.0	81.3	59.8	53.8	57.4	60.3
Wages (selected industries)*	100.0	82.9	61.7	40.8	41.8	52.0	59.0
Salaries and wages (all other industries)	100.0	95.4	84.7	70.1	63.5	68.8	72.9
Work relief wages†	100.0	105.7	115.8	117.3	103.8	95.9	107.3
Other labour income	100.0	100.7	87.0	71.1	62.1	64.3	65.1
Total dividends and interest‡	100.0	97.2	72.3	48.2	37.0	42.7	47.5
Dividends	100.0	103.9	101.3	97.5	90.0	89.5	86.6
Interest	100.0	93.3	80.7	63.9	58.4	64.4	69.6
Entrepreneurial withdrawals	100.0	80.8	61.2	42.9	36.4	40.4	44.6
Net rents and royalties	100.0	80.8	61.2	42.9	36.4	40.4	44.6

* Includes mining, manufacturing, construction, steam railroads, Pullman, railway express, and water transportation.

† Includes pay rolls and maintenance of Civilian Conservation Corps enrollees and pay rolls of Civil Works Administration, Federal Emergency Relief Administration and Works Progress Administration work projects plus administrative pay rolls outside of Washington.

‡ Includes also net balance of international flow of property incomes.

Recovery in this country is often attributed solely to Governmental deficits, i.e. the expansion of incomes by inflation. Both advocates and opponents of this view find evidence in the figures:—

Calendar Years	Governmental Deficits (\$ millions)	Changes in Income Paid Out
1932	3,119	- 13,342
1933	2,580	- 3,422
1934	4,536	+ 5,234
1935	3,755	+ 3,413

The figures of national income are adjusted neither for population growth nor for changes in price levels. The former adjustment would make the comparisons with 1929 a little less favourable, while the latter would make the 1935 totals compare much more favourably, since both

retail and wholesale prices are substantially lower than they were in 1929.

Thus far the drought has steadily become worse. Damage is most widespread in North and South Dakota, Montana and Wyoming; the area of Kentucky, Tennessee and Southern Ohio is next most seriously affected. Unless moisture comes by the end of this month, failure of crops will be general in those regions, and in some others somewhat less extensive. The Administration is, of course, hastening an extensive relief programme in the affected areas, operating through several Governmental agencies; large amounts of funds will be distributed. Any major adverse effect from the drought upon general business activity seems improbable. The better prices which will be realised by producers who have crops, plus distribution of Governmental relief money, are expected to validate earlier estimates that total agricultural income this year will exceed that of last year by 10 per cent. to 15 per cent.

Retail trade in June is reported by the Federal Reserve Board to have exceeded that of the same month a year ago by 15 per cent., and for the first six months of the year to have been 10 per cent. better than the same period of 1935. The improvement is fairly evenly distributed. Cashing of bonus bonds has now exceeded \$1,000 millions; it is still without noticeable effects, unless it has contributed to the maintenance of trade at a period when some dullness might have been expected. Automobile output was unchanged during the first week of July. While power output and car-loadings declined, due to holidays, the decline was less than might have been expected.

NEW YORK, July 14.

SWEDEN

"LOOSE FROM GENEVA"

PUBLIC interest has again been devoted to Sweden's future attitude towards the League of Nations. The question is of special interest for Sweden just now, as she will probably succeed Denmark on the Council. The tone of the Press and discussions at the Riksdag clearly show that belief in the Geneva organisation has been seriously undermined, and it seems as if the tacit consecration by the League powers of the conquest of Ethiopia has turned the Scandinavian Governments towards a policy of loosening their hitherto very active co-operation with Geneva. At least they have now made official reservations about their participation in any future coercive League action. The reply of the new Swedish Foreign Secretary when asked about his impression from Geneva was characteristic: "Thus, a country should avoid being defeated." Not without pride the Swedish Press emphasised that the only delegate who at the recent Geneva meeting dared to express sympathy for the unfortunate Ethiopian Emperor was Miss Hesselgren, of the Swedish delegation.

The coming into power of the new Agrarian Party, after the resignation of Mr Hansson's Labour Cabinet, has so far not produced any noticeable effect in this very democratic country; and the campaign for the autumn elections to the Riksdag has not yet begun. Though a couple of months ago prospects of a Socialist majority in the future Riksdag were favourable, events in France will probably strengthen the non-Socialist Parties' position.

BUSINESS STILL PROGRESSING

In the meantime business conditions continue prosperous. Building activity is lively, occupation in domestic as well as export industries is good; timber and pulp sales are increasing despite hardening prices. Foreign trade figures in May showed an import surplus of only Kr. 0.9 millions, compared with Kr. 17.9 millions in April. Ore shipments

from the Graengesberg mines totalled in May 744,000 tons, compared with 484,000 tons in May, 1935. They rose in June to 948,000 tons, which is a record since 1929. Total sales of wood manufactures during the first half-year amounted to 625,000 standards, which, according to the international agreement reached with the other European timber exporters in Copenhagen, leaves about 200,000 standards for export this year. Pulp sales have also been satisfactory, and of next year's production of chemical pulp about 70 per cent. has been placed already. Since deliveries have been made at prices agreed earlier, Swedish pulp exporters so far have not benefited from the price improvement. Owing to the record consumption of iron in the home market, the Swedish iron industry continues at peak capacity, with prices tending upward.

Harvest prospects are generally good, though the recent drought has impaired the situation in some parts of the country.

Employment continues to improve, and the number of unemployed decreased during May from 47,000 to 35,000, compared with 61,000 in May, 1935. A shortage of labour is reported among agricultural workers, and there is an increasing demand for workers in the sawmills.

During May, the money market hardened slightly owing to considerable capital exports and to payment of income tax. Total "Cash and at the Bank of Sweden" holdings of the joint-stock banks declined from Kr. 233.4 millions to Kr. 168.4 millions. For the same reasons deposits also declined, particularly those lodged on short-term account. The joint-stock banks' total advances also showed a slight contraction, which can be partly explained by the reduction in outstanding Treasury bills, which the Treasury has lately carried out on account of its extremely liquid position. The Bank of Sweden's and the joint-stock banks' total holdings in foreign currencies, securities and gold have increased during May by some Kr. 10 millions to a new high record at Kr. 1,549.3 millions.

The Stock Exchange showed no considerable fluctuations during May, and the price index fell from 150 to 147 (100 = nominal value). Following the resignation of the Labour Government, and the temporary alleviation of fears of nationalisation and monopolisation in certain branches of industry and trade, a revival occurred towards the end of June and the index ran up to 152. The recovery was mainly in industrial stocks, whereas bank and insurance companies' stocks remained fairly stable.

STOCKHOLM, July 19.

AUSTRIA

ECONOMIC EFFECTS OF AUSTRO-GERMAN AGREEMENT

DESPITE the political tension between Germany and Austria in recent years, business between them has proceeded smoothly, and the payments agreement concluded two years ago has functioned without any friction. The Austro-German clearing is one of the settlements about which no complaints are heard from interested parties. The chief explanation is, of course, that a balance is due from Austria to Germany. For the first five months of the current year the Austrian trade balance is as follows:—

	1935	1936
(In millions of schillings)		
Austrian imports from Germany	75.0	83.0
Austrian exports to Germany	64.8	63.4
Import surplus	10.2	19.6

Although Austria has this year a deficit in her trade with Germany 90 per cent. higher than last year (Austria's total deficit in foreign trade is still 188 million schillings), an increase of exports to Germany is difficult to achieve. As can be seen from trade treaty negotiations between Germany and other countries, the chief obstruction is the German restrictions on foreign exchange. An increase of Austrian exports to any important degree is therefore only possible on the basis of barter, and apart from the clearing. Indications of this tendency are already observable. Only a few weeks ago the Vienna Government succeeded in

reducing previous supplies of coal from the Polish mines by 100,000 tons in the new trade treaty with Poland. This quantity is regarded as a "barter reserve" chiefly for Ruhr coal. In return, Germany will take more milk, butter, cheese, timber and cattle. Some increase in barter trade will be achieved.

The German tax of 1,000 marks per head on German travellers to Austria can only be removed in this manner. According to the exchange regulations, German travellers cannot take more than ten marks abroad. It will, however, be possible first to create a compensation fund by facilitating Austrian travel to Germany. Important preparations were made several weeks ago. Apart from the possibility of acquiring various kinds of Sperr-Marks, Austrian travellers to Germany will be able to get a special travel mark at a discount of about 35 per cent. Further, the increased imports of German goods into Austria will be paid for by the currency requirements of German travellers in Austria. It should not be forgotten that Germany already heads the list of countries both in Austria's list of imports and exports. The second important supplier of Austria, Czechoslovakia, delivered 40 per cent. less in the first five months of the current year than in the corresponding period of last year. Germany is by far Austria's largest supplier of finished goods, and therefore the chief competitor of Austrian domestic industries. About 40 per cent. of Austria's imports of all finished goods in the first five months of 1936 came from Germany, making 75 per cent. of Austria's total imports from the Reich; while the German market took only about 13 per cent. of Austria's exports of finished goods. If Austrian exports are to be expanded, raw materials and farm produce will come chiefly into consideration.

What further changes in trade policy may arise out of the new order of things can scarcely yet be foreseen. The preference treaty with Czechoslovakia concluded in April could not be duly put into force, because Germany protested in Prague against the preferential treatment. The treaty was modified and will come into force on August 1st. It remains to be seen whether German objections to preferential agreements will have to be respected in future. It is an important fact that Austria's economic relations with the associates of the Rome Protocols will not be altered. In the first five months of this year Austria's exports to Italy rose to 61.9 million schillings, against 48.8 million schillings in the corresponding period of last year, while imports remained practically the same at 23.9 million schillings. As a result, Austria's export surplus in her trade with Italy rose from 24.8 to 38 million schillings. However, the new Italian import regime, put into force on July 1st, lays certain impediments in Austria's way, and Austria's previous preferential position no longer obtains in Italian treatment of import permits. This caused some surprise here. Austrian trade with Hungary has this year shrunk somewhat; but the Austrian import surplus has been reduced from 7.6 to 5.8 million schillings. It was constantly emphasised in the Rome Protocols that no objection would be raised to their extension to other States. It remains to be seen to what extent the Austro-German agreement, which is itself connected with the Italo-German *rapprochement*, will influence the economic regime established by the Rome Pact.

VIENNA, July 17.

The British and Polish Trade Bank A.G.,
Danzig

Paid-up Capital: D. Gulden 5,000,000.--

Reserves: D. Gulden 3,527,571.57

Chairman: Sir William Grenfell Max-Muller,
G.B.E., K.C.M.G.

Vice-Chairman: Józef Koźuchowski.

Joint Managers: Stanisław Pawłowicz and
Philip Frederick Rann.

Assistant Manager: Aleksander Kowalski.

The Bank was formed to facilitate Exports and Imports from
and to Poland, including Danzig.

INQUIRIES SOLICITED

TURKEY

THE NEW LABOUR CHARTER

THE new Turkish economic order, mainly characterised by a process of accelerated industrialisation based on the initiative, control and direction of the State, has had little, either of tradition or of legislation, on which to lean. With evolution discarded, because it was too slow, new laws are being elaborated to supply the structure of the social organisation now in being. To a nation hitherto largely composed of peasants and officials, this legislation brings a sort of ready-made frame to suit the logical requirements of a modern social outlook. The recently passed Labour Bill is the most important. It is composed of one hundred and forty-eight paragraphs, of which thirty-three lay down penalties; and it covers labour contracts, work regulations, health protection, distribution of labour, settlement of conflicts, control, and social assistance. Before it was laid before the Kamuty it was submitted for investigation to Chambers of Commerce and similar bodies, and several times rewritten.

The worker is protected against the employer by a compulsory labour contract which may be cancelled only in specific cases. Against third parties, e.g. usurers, the protection consists in the illegality of seizure, or of the worker's own alienation of such a fraction of his wages as would deprive him of a monthly minimum of £T.30 (about £4 15s.). This is the sum considered necessary for his existence. Women are forbidden to work during a period of three weeks before, and three weeks after, their confinement, during which they are entitled to half-pay. In general, the worker's week is limited to forty-eight hours, with overtime paid at a higher rate. Overtime cannot exceed three hours per day, or a total of ninety days per year.

THE STATE AND THE WORKERS

Much more significant, however, is the relationship between State and Labour. First, both strikes and lock-outs are forbidden. All labour conflicts must be settled by the employers' and workers' delegates; and if this fails, by committees formed by officials and neutral persons, with successive grades of appeal. It is a strike when only three workers simultaneously suspend work so as to cause the stoppage of the concern. A lock-out is the simultaneous dismissal of but three workers, when the absence of these three workers necessarily interrupts the working of the enterprise. Social assistance is made a State monopoly. Moreover, the *distribution* of labour becomes the concern of the State, as a consequence of which all private labour bureaux will have to retire from activity. The new State organisation will especially be concerned to regulate the demand for and supply of work; to compare wages with the cost of living; and to take such measures as will be necessary for the elimination of social unrest. Both employers and workers must notify their needs to this State organisation.

All the provisions included in the new law entail some increase in the cost of production. This is why the same law explicitly restrains the employer from reducing rates of wages hitherto paid by him, if such reduction is claimed on the grounds that the limitation of the working week and social assistance, under the new law, have increased his normal charges. Whether he will be authorised to increase his sale price is another thorny question. A recent measure fixes maximum prices for a number of basic goods, such as cotton yarns; and manufacturers' profits are likely to be limited to a given maximum percentage.

Thus the new laws, considered as a whole, aim on the one hand at increasing the Turkish workers' standard of living, and, on the other, by rationalised methods, at reducing the cost of a series of commodities. The realisation of this programme seems to be greatly facilitated by the fact that the larger part of Turkish industry is State-owned. At the same time, the State has virtually complete control of all foreign trade. It is therefore possible for the Government to parry such economic shocks as the introduction of this extensive social reform will entail by measures extending over the entire field of business activity.

ISTANBUL, July 15.

EGYPT

THE BUDGET: INCREASED DEFENCES

ALTHOUGH at the time the new budget was drafted it was not yet possible to foresee the outcome of the Anglo-Egyptian negotiations, the Nahas Cabinet acted on the assumption that the Treaty would be signed and that much larger provision would have to be made in the near future to meet expenses for the accommodation of British troops in the Canal Zone, for the building of strategic roads and for the expansion of the nation's defence forces. The budget drawn by the former Minister of Finance was, therefore, revised, thus effecting further economies and increasing revenue.

Such services as public health and social welfare are very little developed yet, and require ever larger appropriations. The Royal Civil List has been reduced from £E150,000 to £E100,000 annually, and several economies will be effected in the Palace Administration which would not have been possible under the late King Fuad. The diplomatic corps will also come in for retrenchment. But, although 45 per cent. of the State's revenue goes into salaries and there is room for the axe, under present circumstances an all-round reduction is out of the question.

Indirectly, however, the recent abolition of the stamp duty on junior officials' salaries has increased those salaries. Further, Members of both Houses of Parliament have raised their monthly emoluments from £E30 to £E40, and some new Parliamentary Under-Secretaries have been created. This, coupled with the removal of that part of the watchmen's tax collected in the provinces, has deprived the State of an important sum. Moreover, the Five-year Plan of Public Works which, in ordinary times, would have been financed out of the reserve fund to the extent of £E2 millions annually, will be covered by current revenue because of the new Government's reluctance to diminish a reserve which may be much needed later.

It has been, therefore, necessary to resort to new taxes on a larger scale than was foreseen. Import duties on sugar, tea and tobacco have been increased, and a new batch of taxes may be imposed if the improvement in revenue based upon continuation of world recovery does not come up to expectations.

GOVERNMENT'S FISCAL POLICY

In balancing the budget, fixed at £E35,147,500 for expenditure and revenue alike, the Minister of Finance has been guided by the same principles that actuated his predecessor: the lightening of the burden on the agricultural population. But just as on former occasions, the lack of complete freedom resulting from the existence of the Capitulations has compelled the Government to seek relief in only that form of indirect taxation where it enjoys full liberty of action: customs duties.

Thus it happens that import duties which are applied to protect the local agricultural and industrial production are also used freely for purely fiscal motives. In this way the foundations of future difficulties are laid down, as the State's finances become ever more dependent upon foreign trade. Yet, although in 1935-36 Customs receipts represented half the State revenue, this has not attracted wide enough attention because, some time after the tariff reform, world recovery set in. Signs are not lacking, however, that future expansion of customs receipts will not run as evenly as hitherto. For the first two months (May and June) of the new fiscal year, these receipts reached £E2,737,608, against £E2,468,892 during the corresponding period of 1935; but all the gains relate to May, and the results in the coming months may well be disappointing. Nevertheless, the Government hope that by the time a crisis comes, Egypt will have obtained freedom of action from the Capitulatory Powers. A strongly worded reference in the budget speech to Egypt's fetters, and to the necessity of extending taxation to other sources of revenue than land and buildings, attracted widespread attention in local European financial circles.

CAPITAL AND LABOUR

The strength prevailing in the securities market since the beginning of June is not due solely to the relaxation of

the tension in the Mediterranean, but also to local factors. Since last winter business turnover, which had increased by 11.5 per cent. during 1935, has limped. The following are the Cairo and Alexandria clearings:—

	(January 1st to July 11th) 1935 £E.	1936 £E.
Cairo	35,924,967	34,621,788
Alexandria	25,036,260	25,324,057
Total	60,961,227	59,945,845

The accumulation of funds and poor trading results, together with some unwillingness to follow the building boom, are directing capital to the higher class of securities. Egyptian State funds, in particular, are feeling the pressure of investment and have now become the brightest feature on the Exchange.

Labour problems have also come in the public eye of late. The Wafdist Ministry has abolished that old-time institution, the *corvée* (or forced labour) on the Nile banks in flood period. It has also joined the International Labour Office, whose activities previous Cabinets had considered with scant sympathy and followed only through unofficial observers. The Government, however, will be called upon to display far greater interest in labour questions, as the unrest among workers is greatly increasing. This is not only the result of the assumption of power by a Party specially pledged to meet labour demands, but seems also due to the French example. Five stay-in strikes, the first of the kind in Egypt, have been staged up to the present; and in three cases serious clashes occurred.

Former autocratic Ministries had vainly expected the workers to accept, as a substitute for trade unions, an organisation which the Ministry of Interior had tried to create, and which was not much more than a police department designed to shield the workers from dangerous influences. It now appears, however, that the efforts of the Wafd to canalise into national political channels the desire of the labour classes to organise for the achievement of social aims will not meet with the same success as in the past. Class consciousness is developing in the cities in no uncertain way.

ALEXANDRIA, July 15.

SOUTH AFRICA

GOLD FEVER

DURING July the Transvaal gold-mining companies will pay out in dividends for the past half-year a sum of £8,480,396. A large percentage of this sum will remain in this country and find its way through various channels for the further stimulation of commerce, industry, investment and speculation. Locally the last named will probably absorb a large proportion, as there is at present even more than the customary speculative fever in evidence on the Witwatersrand. This is largely a result of the extraordinary activity in shares of the West Witwatersrand Areas and other companies engaged in exploratory investigation on what is confidently believed to be the beginning of a huge extension of the Witwatersrand goldfield to some hundred miles or so west of its present western boundary, beyond Randfontein. Most of this potential new gold-producing area is under the control of the Consolidated Gold Fields Group and the Anglo-American Corporation. A few weeks ago the former company disposed of a large block of its reserve shares at a very satisfactory price, yielding over £1,000,000, which it was understood was to be applied to the further exploration and possible exploitation of these Far West areas, which under modern scientific prospecting methods have given highly promising indications. This announcement in turn stimulated interest in the principal properties of the Gold Fields, chiefly West Witwatersrand Areas, Ltd. After rising £2 in one day these shares within a week or two reached their peak price of £12 15s., which for ten shilling shares of a potential gold producer, still in the early stages of development and exploratory work, must be regarded as sensational. These shares are still only about 15s. below their highest level, and show an advance of approximately £8 over prices towards the end of last year.

NATIONAL BANK OF GREECE

Established in 1841

Head Office: Athens

Branches and Agencies throughout Greece

Branches and Agencies in Egypt:
CAIRO, ALEXANDRIA, ZAGAZIG

Affiliated Bank:

HELLENIC BANK TRUST COMPANY
51 Maiden Lane, NEW YORK

Capital paid up and Reserves Drs. 1,205,000,000

It is not surprising that with this and other somewhat less spectacular rises in recent share values the speculative aspect of the gold mining industry has lately assumed somewhat disproportionate, and possibly demoralising, dimensions. It tends to dwarf the much more significant development of the industry, such as, for example, is set out in the recently issued report for 1935 of the Government Mining Engineer. In his introductory paragraphs (preceding the customary array of statistics) Dr. Hans Pirow observes:—

"The spectacular expansion of the gold-mining industry, to which I referred in the two preceding annual reports, continued without interruption during the year under review. This is instanced by the fact that the tonnage hoisted by large gold mines on the Witwatersrand rose 48,099,248 in 1934 to 52,912,593 in 1935, whilst the number of Europeans employed on such mines increased from 27,586 to 30,798. It is obvious that this extra employment has its repercussions not only in the immediate vicinity of the Witwatersrand, but practically throughout South Africa. This is also reflected in the increased expenditure on salaries and wages, amounting to £20,819,686 in 1935, and in the amount expended on stores, namely, £22,755,341."

Discussing the effects of the growth of the industry on employment, Dr. Pirow expresses the opinion that:—

"If the present expansion continues during the next six or seven years, as it appears likely to do, it is clear that more than 18,000 additional Europeans, and approximately 120,000 additional natives will be required in order to keep the mines at their full labour complement. As far as one is able to judge, there should be no serious difficulty in obtaining the necessary white employees, the more so as the Government Miners' Training Schools are now being extended to train approximately 700 to 800 apprentices per annum. There is likely, however, to be a definite shortage of trained young mining engineers."

Following up Dr. Pirow's forecast in this connection, it is interesting to note that the Minister of Mines, Mr Patrick Duncan, in opening the new Government Miners' School, just completed at a cost of £18,000, said the need for skilled men to be employed underground became greater every year. Mr Duncan added that he knew of nothing that offered a more sure and certain prospect than did the profession of mining engineer. According to a speech made by the same Minister a couple of days earlier, the Union Government is not content to rely only on the gold mines, either as a source of revenue (they have yielded an average of £15,000,000 to the State every year since the country's departure from the gold standard) or as an opportunity for employment. Mr Duncan disclosed the fact that the Government is already taking practical steps to develop the country's basic mineral resources and incidentally, by way of subsidies—an entirely new departure in mining—to encourage the small "outside" gold mining properties, which at present provide a precarious career for a number of individuals and small syndicates.

JOHANNESBURG, July 1.

IRISH FREE STATE

ELECTION TACTICS

THE political situation in the Free State is becoming very interesting because a general election must be held before the end of next year. Mr de Valera has never possessed more than a narrow majority, and the two major political parties are so evenly matched that quite a small swing of the electoral pendulum would be sufficient to displace the party in office. The recent municipal elections in Dublin seem to indicate that the pendulum is swinging away from Mr de Valera towards Mr Cosgrave. The present Government widened the municipal franchise to a manhood basis, with the curious result that Fianna Fail secured fewer seats on the corporation with the new franchise than with the old. The personal popularity of the Lord Mayor, who led the opposition forces, doubtless had something to do with this result, but there is distinct evidence of a change of political sympathy among the electorate.

As a signpost for the general election the result is highly significant, because it is reasonable to assume that the people of Dublin have far less reason to be displeased with the Government than the inhabitants of the countryside. The whole bias of recent policy has been in favour of industry at the expense of agriculture, and Dublin has reaped the greater part of the fruit of the new industrial development. Much has been done to help farmers in their difficulties caused by the dislocation of markets and the economic war, but they have fared far less favourably than the urban dwellers, who have derived considerable advantage from industrial protection and public expenditure. If Dublin is anxious for a change of Government, the country should be even more anxious, and the defeat of the de Valera Party at next year's election is by no means impossible.

Mr de Valera has shown himself a master of the art of electioneering in the past, and there is no reason to think that he has lost any of his skill. It is therefore to be expected that some patriotic issue will be placed in the forefront of the Government's election programme in the hope that the farmers' national feelings will prevail over any economic discontents which they may nourish. The new constitution, which is at present being drafted, will probably figure largely in the election. It is safe to predict that this document will be drafted in such terms as to enable it to be represented as a Republican Constitution and that the electorate will be invited to endorse it as a mandate for a Republic. It does not, of course, follow that such a mandate, if it were given, would be followed by any definite action, as the present Government possesses a genius for Fabian tactics on the major issue of Anglo-Irish relationships. Perhaps this is all to the good, since delay is probably making it easier to find a mutually satisfactory settlement in the end; and has alienated the Left Wing Republi-

cans and thereby split the ranks of the Government's supporters.

One reason for avoiding any further political separation from the British Commonwealth is that the present situation allows an uninterrupted flow of migration from Ireland to Great Britain, which is doubtless beneficial to both countries at the present time. There has been for nearly two hundred years a steady flow of young people of both sexes from Ireland to seek employment in Great Britain. In the middle of last century this emigration became of secondary importance compared with that to the United States; but, with the practical cessation of the American movement, the movement to Great Britain has resumed its old importance. No statistics of the volume of this migration are available, but it is well known to be of considerable magnitude. With the coming decline in the rate of population-increase in Great Britain, this influx of intelligent and willing workers may become an exceedingly important factor in the maintenance of industrial activity. Any loss caused by this human flow is experienced in the country of departure, not in the country of arrival.

The improvement in the trade balance continues and is the cause of much satisfaction:—

EXTERNAL TRADE OF IRISH FREE STATE, TWELVE MONTHS
ENDING MAY 31ST

Year	Imports	Exports	Import Surplus
1935	38,662,333	18,380,112	20,282,221
1936	37,894,629	20,886,781	17,007,848

Although no precise statistics are available, it may be safely stated that the invisible credit balance is sufficiently favourable to support an adverse visible balance of this magnitude. A new equilibrium seems to have been attained, and the drain on the banks' sterling assets appears to have come to an end. Indeed, the half-yearly statements published by four of the leading banks show a remarkable lack of variation between the first six months of last year and of this year. The difference in the total profits of the four banks in the two periods is merely £600. In the case of institutions whose total balance sheets are over £100 millions, such a slight variation in profits indicates a very steady condition of business.

The progress of industrialisation is shown by the increase in the capital issued by the Industrial Credit Corporation from £500,000 to £1,000,000. This company, which is principally concerned with capital underwriting and investment banking, has since its establishment in 1933 underwritten or been associated with the underwriting of capital issues by companies to the amount of £3,968,400, of which the underwriters have been called upon to take up 12½ per cent. The greater part of the shares in the company are held by the Minister for Finance, and it has played an important part in laying the foundations of a capital market in Dublin.

DUBLIN, July 20.

BOOKS AND PUBLICATIONS

DEFENCE—OF WHAT?

As Mr Brailsford says in the opening sentence of his interesting pamphlet,* "the least reflective citizen in our island is aware that the failure of mild economic sanctions to prevent the Italian conquest of Abyssinia compels us to think out anew the whole problem of European security." Mr Brailsford puts his finger at once on the League's weakness: its utter dependence on identity between French and British foreign policies in support of collective restraint of aggression. He takes us right back to the cradle of the League: the lack of farsightedness in the economic sphere (reparations), the failure of America to ratify the 1919 Anglo-American Treaty of Mutual Guarantee for France, the consequent British aloofness and the French recourse to military alliances to defend the *status quo*, the ignoring

* "Towards a New League." By H. N. Brailsford. *New Statesman and Nation*. 6d.

of Russia by all save Weimar Germany, the Ruhr tragedy, the unprincipled and unresisted Vilna coup, and its sequel, the Lithuanians' rejoinder at Memel. Mr Brailsford's wide vision fastens on the deplorable collapse of the French initiative, aided by Arthur Henderson, in the 1924 Geneva Protocol for European security, largely as a result of the 1925 Conservative Government's eagerness to accept the Dominions' objections. (He omits to point out that this Conservative Government, driven to supply a substitute for the Protocol in order to get Germany into the League, perfected the Locarno Treaty of 1925, to which the Dominions also refused to adhere!) In 1929 he traces the beginnings of reaction: Stresemann's death, Briand's departure, Tardieu's advent, the stiffening of Polish and Jugoslav dictatorships; and he gives judicious weight to the effects of the slump and the intensification of economic nationalism which began in that year. Then come in rapid review the major failures of the Great Powers to render

the League a potent defence against the aggressor; the Japanese rape of Manchuria in 1931-32—Mr Brailsford deals shrewd blows at British foreign policy in Sir John Simon's hands—the failure of the Disarmament Conference to supply an effective collective substitute for unilateral rearmament, the year of violence in 1932, political fissiparity in Eastern Europe, and so to recent events: the unilateral German ruptures of the Versailles and Locarno Treaties, and the Italian aggression against Abyssinia. Mr Brailsford castigates not the League idea—indeed, he insists that this must be retained for the future of civilisation, at all costs—but the Governments which shuffled from temporisations to expedients, and from excuses for inaction to blatant betrayals. He urges the need for "a League within the League" of European democratic Powers—a federal union of such European Powers, a Front Populaire in the international field—pledged to mutual defence and with even a set of federal economic and political institutions. In it would be France, Scandinavia, Spain, Czechoslovakia, Russia, and Great Britain, once Labour resumes power. This brilliantly written and provocative pamphlet should be widely read.

The second pamphlet* is much more controversial, and gravely disturbing in its implications. The author contends that the betrayal alike of the League Covenant and of British interests by the present British Government renders war in Europe inevitable, into which the National Government will inevitably be drawn by its previous timidity and equivocation. Then, says the author, after a hectic rearmament programme, culminating in conscription, the British Labour Party will be called on to rally to the undivided support of "British interests." Meanwhile, the Government will proceed to emasculate the League Covenant and to contract out of all obligations save for the defence of the Low Countries. He contends that the Labour Party should demand that the Government should, in exchange for wholehearted Labour co-operation, guarantee its ratification of an all-European non-aggression, arbitration and mutual assistance treaty; the nationalisation of the armaments and aeroplane industries; and the passing of a Peace Act binding the Government to submit any dispute to arbitration and not to use force as an instrument of national policy. If the Government should not agree—as, he admits, it dare not, as a Conservative Government—the Labour Party should pledge its members "not to serve in the armed forces, nor to perform work of national importance, nor to pay taxes, in the event of war." While the Government has certainly given "Covenanter" ample reason for his strictures, it is extremely doubtful if Labour in this country is ready thus openly to court the danger of elevating Right-wing tendencies to supreme control from the very outset. But no student of current opinions in the present flux can afford to ignore an argument so challenging and sincere.

SHORTER NOTICE

"Deficits and Depressions." By Dan Throop Smith. Chapman & Hall, Ltd. 264 pages. 12s. 6d.

The most remarkable feature of the policy of emergency expenditures by the United States Government during the depression has been the variety of methods which have been adopted in order to increase spending. In this much needed book Dr. Smith applies the results of recent economic analysis to the actual effects of unbalanced budgets in the United States both during the depression and also in the war period.

His opening chapters on the methods of American Treasury financing serve as an admirable summary for the English reader, but the most valuable part of the book is the clear and careful discussion of the manifold repercussions of different kinds of emergency expenditure and of the methods of acquiring funds. His broad division of the expenditures between those designed to strengthen the credit structure (e.g. the RFC), and those for relief and public works, enable him to analyse in detail the whole problem of how unbalanced budgets can best increase the volume of the *right* kinds of spending. Of these two types, the first has hardly received sufficient examination at the hands of economic theorists, and Dr. Smith aptly links it up with the more general questions of

* "Labour and War Resistance." By "Covenanter." Gollancz and New Fabian Research Bureau. 6d. net.

eligibility for rediscount and the relation between the Treasury and the Federal Reserve banks. There is also an interesting discussion of the effects of various forms of Government spending on the velocity of circulation of bank deposits.

Dr. Smith's treatment shows how necessary it is to take institutional factors into account when examining theories of the trade cycle. In many places his ideas run parallel to those of Mr. Keynes, though he writes before the publication of Mr. Keynes's latest work. Thus, in discussing the effect of unbalanced budgets on the market for Government bonds, he remarks: "The crucial factor is the public reaction, not so much on the question of saving from current income, which is of long-run significance nevertheless, but as regards the preference for holdings of cash or securities." Finally, his view of the actual budgetary prospects in the United States is a happy blend of tempered optimism and common-sense warning.

BOOKS RECEIVED

Report I. *The Regulation of Certain Special Systems of Recruiting Workers*. 153 pages. 4s. Report II. *Holidays with Pay*. 147 pages. 4s. Report III. *Reduction of Hours of Work on Public Works Undertaken or Subsidised by Governments*. 131 pages. 3s. Report IV. *Reduction of Hours of Work in the Building and Civil Engineering Industry*. 117 pages. 3s. Report V. *Reduction of Hours of Work in Iron and Steel Works*. 109 pages. 3s. Report VI. *Reduction of Hours of Work in Coal Mines*. 83 pages. 2s. Report VII. *Reduction of Hours of Work in the Textile Industry*. 173 pages. 4s. (Geneva) International Labour Office.

Tin World Statistics, 1936. (London) Tin Producers' Association. 11 Ironmonger Lane, E.C.2. 149 pp. 2s. 6d. net.

What Will Happen to the Jews? By J. Leftwich. (London) P. S. King and Son, Ltd. 268 pp. 7s. 6d. net.

The Secretary's Manual: Twenty-third Edition. By Judge Haydon and Sir Nicholas Waterhouse. (London) Jordan and Sons, Ltd., Chancery Lane. 523 pp. 10s. net.

The Monetary Problem: Gold and Silver. Final Report of the Royal Commission appointed 1888. Edited by R. Robey. (London) H. Milford. 369 pp. 17s. 6d. net.

The Round Table: Index of Twenty-five Years. Volumes I to XXV Nos. 1 to 100. (London) Macmillan & Co., Ltd. 259 pp. No price stated.

Income Tax Up-to-date, by H. J. Cully, F.C.A.; 24 pp.; *The Financial News*, 20, Bishopsgate, E.C.2; 9d.

A handy compilation, giving calculations of what is due on representative incomes.

Les Déséquilibres Monétaires et leur Redressement. L'alignement du belga. By Banneret de Matran. (Paris 8e) Editions de la Société d'Economie Appliquée, 8 rue Lamennais. 129 pages. 12 frs.

Bank of England Operations 1890-1914. By R. S. Sayers. (London) P. S. King and Son, Ltd. 142 pages. 6s. net.

Foreign Trade of Japan. A Statistical Survey. (Tokyo) The Oriental Economist, 2 Sanchouie Hongokuchō Nihonbashi. 708 pages. £1 net.

Land Settlement Colonisation. By C. Duvall Bishop. (London) The Distributist League. 12 pages. 6d. net.

Les Migrations de la Population Intéressant le Territoire de la Tchécoslovaquie Actuelle. (Depuis le XVII^e siècle à nos jours.) (Paris) Librairie Félix Alcan. 174 pages. No price stated.

OFFICIAL PUBLICATIONS

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MONEY AND BANKING

THE FRENCH TREASURY AND THE BANQUE DE FRANCE

In the following article our Paris correspondent describes and examines the French Government's Bill for the amendment of the constitution of the Banque de France. In view of the close co-ordination between the Government, the Treasury and the Banque which this Bill provides, special interest attaches to the French Government's publication of the Treasury's position in the first five months of this year, which is also examined by our correspondent.

THE Chamber has voted the Bill for the new statute of the Banque de France. The Senate passed the Bill on Thursday by 196 votes to 77.

Till now, the Banque has been governed by a Regency Council of 15 members, a Governor, and two Vice-Governors. The Governor and Vice-Governors are nominated by the Finance Minister, and the 15 Regents must be nominated by the general meeting of shareholders. But, in fact, the shareholders have always limited their activity to mere ratification of the selections put before them; so that everything proceeded as if the Regency Council merely recruited itself by co-option. The example is cited of one seat on the Council which, ever since the creation of the Banque by Napoleon in 1800, has been held without interruption by the same family—that of MM. Mallet, the bankers. The new Bill abolishes the Regency Council and replaces it by a board of twenty directors, as well as the Governor and two Vice-Governors. Of these twenty directors there are ten civil servants, including the following: three who represent respectively the Finance, National Economy and Colonial Ministries; and seven *ex officio*: the president of the Finance Section of the Conseil d'Etat, the director of the Office for the General Movement of Funds, the director of Trade Treaties and Agreements, the general director of the Caisse des Dépôts et Consignations, the Governor of the Crédit Foncier, the general director of the Crédit National, and the general director of the Caisse National du Crédit Agricole. The remaining ten directors are to be appointed on these lines: (1) Five directors are to be chosen by the Finance Minister from lists each containing three names presented by the following organisations: the National Federation of Consumers' Co-operatives, the General Confederation of Labour, the General Confederation of French Production (employers), the General Confederation of French Artisans, and the professional agricultural sections of the National Economic Council; (2) One director is to be appointed by the Minister of Commerce from among the best qualified representatives of small traders; (3) Two directors are to be selected by the Finance Minister from lists each containing three names presented by the following organisations: the Associated Union of Paris and Provincial Bankers, and the Associated Chamber of People's Banks; (4) One director is to be elected under secret ballot by the staff of the Banque de France itself; (5) and finally the general secretary of the National Economic Council is to be director *ex officio*.

According to these provisions, the civil servants will have preponderant importance in the management of the Banque, for there will be (with the three governors) at least thirteen civil servants on the directorate. The Government will thus be able in future to make its policy prevail more easily than hitherto. Struggles like those of 1924-26 under the Herriot and then under the Briand-Caillaux Cabinets, and that of last year under the Flandin Cabinet, either over the total of the Banque's advances to the State, or over exchange market technique, or over the discount of Treasury bills, should be practically impossible in future. As for the shareholders of the Banque, all of them are in future accorded the right to attend the General Meeting, whereas hitherto only the 200 largest shareholders had the right to attend. There are 40,947 shareholders, of whom 17,931 hold one share each, and 8,923 only two each. The shareholders' rights, however, are to be more restricted than hitherto. Henceforward,

the General Meeting can only appoint the three "Censors," who, though attending directors' meetings, will only be there in a consultative capacity and cannot participate in the directors' discussions and decisions. Nevertheless, the three censors' powers in control of the Banque's day-to-day operations remain fairly important.

Finally, Government decrees before December 15th are to modify the statutes controlling the Banque's discount and portfolio obligations, so as to render credit regulations more supple. M. Vincent Auriol, the Finance Minister, is making the notable proposal to introduce an open-market policy, to which the Banque has never yet consented. It is more probable, however, that this proposal will not be rigidly adhered to, but that the whole mechanism of the central bank will be widened in a general way. It is generally desired that credit should henceforward be easier—whether to the State or to private concerns.

The Government has undertaken regularly to publish the Treasury's position. Its first statement, covering Treasury operations between January 1st and May 31st, is summarised below:—

(In Millions of Francs)

	Outgoings	Receipts
1935 Budget, supplementary period	4,114	296
1936 Budget, period of execution	17,348	14,085
Expenditure financed by loan	2,601	...
Expenditure financed by special resources	1,368	1,397
Treasury operations of Postes, Tel. et Tel., and other services in the Budget Annex	33,118	34,382
Treasury operations of Public Boards and autonomous institutions	35,623	34,720
Treasury operations of local communities	32,557	33,457
Treasury operations for private persons	16,960	17,132
Treasury advances	3,705	1,933
Repayments and issues of Treasury loans, respectively	18,841	28,063
Funds in transit, suspense accounts, etc.	715	...
Total	166,950	165,465

Expenditure financed by loan mostly comprises armaments (Fr. 2,231 millions). It is stated that the Treasury has had to borrow Frs. 10,000 millions odd, to cover the total of its expenditure in the first five months of this year. Thus, its total loans have been Frs. 28,063 millions, of which Frs. 18,835 millions has had to go to repay Treasury bills falling due. These Frs. 28,000 millions of loan resources are composed thus: Treasury bills, 21,785 millions; sundry loans to the Caisse des Dépôts, 682 millions; loans via the Crédit National, 37 millions; 5 per cent. 1935 sinking-fund Treasury bonds, 572 millions; 1936 two-year 4 per cent. Treasury bonds, 2,000 millions; and, finally, the Treasury's 1936 loan of 2,987 millions from the London money market.

In order to place Frs. 21,785 millions of Treasury bills, the State has had to have recourse to rediscounts at the Banque. Indeed, the Banque accepted Frs. 13,833 millions of bills for discount, which was a veritable hidden inflation. The Blum Government has now consolidated these 13 milliards of discounted Treasury bills in the guise of long-term advances from the Banque without interest, so that the position is fully disclosed and the problem of their repayment no longer arises. The result is that the Banque de France is brought under the control of the Government. It remains to be seen if it will be completely subservient, and how far the Government will act on its technical advice. Still, at least the days of antagonism between the State and its central bank should now be past and gone.

FINANCIAL NOTES

Midland Bank's Accounts.—The accounts of the Midland Bank were issued too late for us to comment upon them last week in our discussion of the banking half-year, and so are summarised below. Aggregate totals for the "big five" banks are also given for purposes of comparison:—

	Midland Bank		"Big Five"	
	1935	1936	1935	1936
June 30th				
Liabilities:—	£ mill.	£ mill.	£ mill.	£ mill.
Deposits	418.0	487.5	1,794.0	1,941.9
Acceptances, etc.	16.1	17.1	90.5	86.2
Assets:—				
Cash	39.3	43.0	190.0	205.9
Balances and cheques	16.7	18.4	64.6	66.0
Call and short money	26.1	26.6	124.0	129.5
Discounts	42.6	74.0	216.2	282.0
Investments	127.1	121.0	537.0	531.4
Advances	171.3	191.9	704.4	770.6

The increase in the Midland Bank's discounts is almost as great as that of the other four banks taken together. The result is that when the Midland Bank's figures are included, the discounts of the "big five" have risen by £65.8 millions, or by over half the year's increase of £110 millions in tender issue of Treasury bills. Thus it now transpires that a substantial proportion of the year's new Treasury bills have passed into the hands of the clearing banks.

The "South American" Merger.—On July 17th special meetings of the shareholders of the Anglo-South American Bank and the Bank of London and South America were held for the purpose of approving the proposed merger, described in the *Economist* of July 11th. At the meeting of the Bank of London, the shareholders duly agreed to increase the authorised capital by 100,000 £5 shares, representing the purchase price involved in the merger. At the Anglo-South American Bank meeting Sir Bertram Hornsby had the difficult task of explaining to the shareholders that they were suffering a total loss of their capital. The "A" shareholders, who are also relieved of the threat of a call, were under a less sense of loss than the fully-paid "B" shareholders. The latter were informed that in no conceivable circumstance could the purchase price have been anything like sufficient to meet the prior claims of Chilnit, and so the actual figure agreed on was of no practical importance to the "Anglo-South" shareholders. Chilnit could not be expected to forgo any part of the purchase price in favour of the "B" shareholders, and even if it did, the major portion of some 15s. out of every available pound would accrue to the "A" shareholders. Alternatively, the bank's articles precluded the making of a call on the "A" shareholders for the benefit of the "B" shareholders. There was thus no way of escape for the "B" shareholders. Naturally, this statement gave rise to some discussion, but in the end the resolution approving the scheme was carried by a large majority.

The Foreign Exchanges.—Rates this week have been very steady, but the franc and other gold *bloc* currencies tended to weaken on Monday on the news of the Spanish revolt. Guilders, however, were firm, and it is reported that the Bank of England has been a seller. Dollars are a little stronger in both London and Paris, now that the recent French liquidation of dollar holdings is over. This week's Banque de France return shows gold acquisitions of only Frs. 50 millions. Treasury bills rediscounted are reduced by Frs. 250 millions, and there is a contraction of Frs. 810 millions in the note circulation. This week the Customs report an importation of £9.9 millions of gold bullion from France; raising total imports for the past three weeks to £16.7 millions. As no privately-owned gold is now coming to London, this must represent the movement of gold belonging to the Exchange Equalisa-

tion Account. Quite possibly it represents gold sold to the Bank of England, for the Bank would hold this gold, which is behind the note issue, in its own vaults.

The Money Market.—The Bank of England is continuing to buy gold, and while initially it may be buying it from the Exchange Equalisation Account in exchange for Treasury bills, the fact that its holdings of Government securities are unchanged shows that it must be replenishing its bills from other sources. There were, in fact, rumours this week of open-market buying. As the note circulation is unaltered, the supply of bank cash has been increased, and so money has been easy all the week.

	July 2, 1936	July 9, 1936	July 16, 1936	July 23, 1936
Bank rate	2	2	2	2
Clearing banks' deposit rate ...	½	½	½	½
Short loan rate:—				
Clearing banks	½-1*	½-1*	½-1*	½-1*
Others	½	½	½	½
Discount rates:—				
Treasury bills	½-¾	½	½	½
Three months' bank bills	½-¾	½-¾	½-¾	½

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.

Last week the market only obtained a small allotment of Treasury bills, the average tender rate being 11s. 7.57d. per cent. With money so plentiful, bill-brokers were unwilling sellers. Next week, the bulk of the maturing Treasury bills only fall due on Saturday, so that money may be less easy early in the week. Next week the London County Council are issuing £2,000,000 of bills.

The Bank Return.—This week the note circulation is unchanged. Gold acquisitions amount to £4.8 millions, and the reserve has risen by £4.4 millions.

BANK OF ENGLAND					
	July 24, 1935	July 1, 1936	July 8, 1936	July 15, 1936	July 22, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.7	221.1	225.6	231.0	235.8
Note circulation	400.8	439.6	443.1	443.3	443.6
Banking Department:—					
Reserve	52.4	42.4	43.5	48.7	53.1
Public deposits	8.9	9.9	10.5	20.4	19.9
Bankers' deposits	100.8	111.7	96.7	90.6	98.2
Other deposits	36.6	39.8	38.4	40.7	38.5
Government securities ..	88.7	110.4	96.8	96.8	95.8
Discounts and advances ..	10.3	10.6	6.0	5.9	6.5
Other securities	12.9	15.9	17.4	18.4	19.4
Proportion	35.8%	26.2%	29.8%	32.0%	33.9%

The gold purchases have helped to raise bankers' deposits by £7.6 millions. The drop in other deposits may be due to India 5½ per cent. stock repayments.

Standard Bank of South Africa.—Mr J. F. G. Gilliat, the chairman of the Bank, had a pleasant task to perform at last Wednesday's annual meeting. He could point to an increase during the year both in deposits and in discounts and advances. The slight reduction in net profits, which a week ago we suggested might be fortuitous, was due to a very satisfactory cause. The bank's staff have, during the recent trade revival, been working under unusual pressure, and so it was decided to pay them a special bonus for the first time since 1931. In describing conditions in South Africa, Mr Gilliat was able to say that gold-mining was no longer the only factor contributing to the general prosperity. More remunerative prices are ruling for wool and other farm products, while there had been a remarkable increase of activity in the building trade. The external debt of the Union had been reduced by £34.2 millions during the year by the repayment of outstanding loans, and while part of the money so repaid had been borrowed internally, there was a net reduction of about £9.0 millions in the total public debt. Both import and export trade of the Union had expanded during the year. Reports from other territories served by the bank were also in many respects encouraging.

THE STOCK EXCHANGE

STEEL SHARE PROSPECTS

OF all industries, iron and steel has been most favoured by Government policy during the last three years. Heavy protective tariffs (used both to safeguard the home industry and to stimulate foreign producers into making agreements favourable to Britain), the stimulus given by easy money to the construction industries, the Government-guaranteed loans for railway re-equipment and, finally, re-armament—all have contributed to the industry's unprecedented prosperity. All output records have been broken; steel production is now running at an annual rate of 11½ million tons, some 15 per cent. higher than any previous figure. Profits have increased in proportion, and share prices have steadily advanced to levels which would have been thought fantastic three years ago. Present prices are little short of the highest levels achieved since the depression, and they confront the investor with two problems. First, can and will the demand for steel be maintained at its present record height? Secondly, what is the possible extent of further profit increases?

The first problem involves an analysis of the market for steel on broad lines, for the exact destination of the millions of tons now being produced is unknown. During the first four months of this year, 2,696,500 tons of finished steel products were made, a total 18.8 per cent. higher than that of the corresponding period of 1935. The following table shows some of the main products:—

	1929*	1935	January-April 1936
Structural steel	718	754	935
Sheets, plain and galvanised and tinplates	772	525	621
Steel plates	480	355	445
Rails and sleepers	250	161	201
Hoops and strip (including tube strip)	113	157	183
Wire rods	83	133	165
Forgings	81	85	91

* One third of year's total figures.

The implications of the table are clear. The immense significance of the building boom is apparent, not only in the 1936 figure for structural steel, but also in the increased production of tube strip. Moreover, the structural steel output has increased more rapidly than the volume of building activity; the transfer of activity from residential house building to industrial and commercial building is evidently favourable for the steel industry. Next, the figure for plates shows the importance of, and the improvement in, shipbuilding. The railway companies are also getting to work on their new programmes. Sheet and tinplate production, however, has increased less rapidly than some of the other items. Here, an improved home market has only partially offset the failure of exports to recover.

Broadly, the maintenance of the present demand for steel is dependent mainly upon the future course of the building and construction boom. There are, additionally, two possible sources of increase in demand. The first is from the shipyards, where the latest returns suggest that some recovery is in progress. The second is the export trade, which has actually declined in the first half of this year. Under the cartel agreement, exports are unlikely to increase rapidly over the next few years. Armaments, pure and simple, do not provide substantial orders for the industry as a whole. Guns and gun mountings are forged, and only three firms—Vickers, Firth-Brown, and William Beardmore—do forging work of the heaviest armament type. Even a naval programme gives less work, for every pound spent, to the ordinary steel-maker than mercantile shipbuilding. The value of re-armament to the industry in general lies in the substantial new construction work—such as aerodromes and factory extensions—which it will involve. This expenditure, however, is definitely of a capital nature. Sir Thomas Inskip's speech on Monday showed that it is proceeding rapidly. But, when it is

finished, there will be no "replacement orders" for the steel industry proper, as opposed to the armament concerns.

The construction boom is thus all-important. There seems, at this stage, no reason to expect a rapid or catastrophic decline. That consideration suggests part of the answer to the second problem—the future course of profits. The earnings of the industry must be limited, in the first place, by technical capacity. In the earlier stages of "recovery," profit margins increase rapidly as output increases. As the industry approaches capacity, however, costs tend to rise. Bottlenecks appear in works organisation, the need for repairs becomes more frequent, plant must be rested periodically, and the maximum efficiency cannot be realised. If, ultimately, plant extensions become necessary, a conservative dividend policy is unavoidable in the short run, unless new capital is raised.

The industry seems now to have attained this position. Moreover, the organisation of raw material supplies is proving inadequate. In some districts, there is a shortage of scrap. In others, coke prices have increased rapidly—thus giving the composite companies, with their own collieries and coke-ovens, a strong competitive position. The recent rise in costs led to a successful agitation for an advance in official prices, which have been increased sufficiently to maintain former profit margins. There is reason to believe, however, that costs will rise once more, for price increases involve corresponding wage increases under the "melters" sliding scale. The industry may, in fact, be in a position to force its consumers to pay somewhat more for their steel—the engineering and motor industries are highly prosperous, and steel costs represent a comparatively small part of building costs. None the less, investors cannot regard this cost-price spiral with composure, particularly when the industry's capacity is being enlarged near the top of a rising market. The British Iron and Steel Federation itself seems somewhat concerned on this score, and the fact that the Tariff Board is to consider the future development of the industry is significant.

Broadly, therefore, the position of the industry from the investor's point of view is reasonably clear. Production in 1936 will probably be 15 to 20 per cent. higher than in 1935, but the effect of this output increase will, to some extent, be offset by reduced profit margins, while plant extensions will restrain directors' generosity. Next year, the increase in capacity will evidently increase total profits, but some further expansion in costs may involve a consequent diminution in profit margins. Except for a number of specialist armament concerns, whose medium-term future seems promising, steel share prices should not discount further sensational dividend increases. Above all, conditions in different parts of the country vary widely, particularly for coke supplies and prices, and a selective policy on the investor's part is essential.

Steel shares, to-day, fall into four groups. First, the heavy engineering-cum-armament companies—predominantly Vickers, Hadfields and Firth-Brown—must be regarded as a class by themselves. Their prospects are governed by factors essentially different from those which affect the steel industry proper. Similar considerations apply to miscellaneous engineering companies, whose shares are quoted in the iron and steel group, such as Babcock and Wilcox and Thomas W. Ward. Secondly, the iron companies—Stanton, Staveley and Sheepbridge and, with its further differences, Allied Ironfounders—must also be treated separately. They are dependent to a large extent upon their efficient and profitable coal properties, and are more closely connected with house-building and utility construction work than the steel companies proper. Thirdly, there are a number of specialist concerns, led by Stewarts and Lloyds. The prospects of this concern, in the short run, depend upon the reconstruction of the international tube cartel, and it cannot be expected to show larger profits in 1936 than in 1935. Tube Investments, on the

INVESTMENT NOTES

Issue Market Activity.—Noteworthy activity has developed in the new issue market on the eve of the August close season. As many as half a dozen separate operations have been announced in a single day this week. This recrudescence may be directly related to the firmer tone of the Stock Exchange, which has raised the *Financial News*' index of thirty ordinary shares to a new recovery peak. The keener edge to investment appetite may be attributable partly to psychological considerations connected with the prospective duration of trade recovery (which we discuss in a leading article on page 155). It may also, possibly, be an initial result of the broadening of the basis of the national credit structure, which has been in progress for some weeks past. The July banking averages will show, in due course, whether the banks have once again been "forced" into the gilt-edged investment market on a fair scale. What is certain is that the absorptive powers of the issue market for trustee securities have so far improved that the authorities—who recently were faced with the possibility of another "holiday" in home corporation offers—have been able not only to secure an adequate response to two urgent "6 per cent. conversion" issues by Nottingham and Birkenhead respectively, but also to authorise issues by further local authorities. Activity in the patrician areas of the market, however, is fully paralleled by that in the "uncontrolled" industrial sections. To the question whether a continuance of present conditions would involve the danger of a boom, similar to that, say, of 1928-29, with its inevitable aftermath, it is impossible to give a decided answer. The present movement has the advantage that the majority of issued prospectuses relate to companies already well established in private hands, whereas the concerns of 1928-29 were new flotations with nothing more substantial behind or before them than the interested optimism of their promoters. Less favourable contemporary features, however, are the numerical frequency of issues in a narrow range of "popular" industries—particularly engineering (including machine tools) and any activity which, however remotely, can be related to national re-armament. Whatever the merit of individual flotations, it is clear that the market is not wholly free from the traditional reproach of giving the public what the public wants rather than what is necessarily best in the public's long-term interest. In other words, the market is "following the news" rather than taking a really broad economic view, and the eventual result may be overdevelopment, excessive competition and depression in the industries which are now "favoured." Another ground for criticism is the tendency to base prospectus calculations, and to demand large premiums in issue prices, on the results of a single year (even on those of a still uncompleted year) which are far above those of immediately preceding periods. When this practice is allied with capitalisations involving a heavy proportion of preference capital and a highly-gearred "razor-edged" ordinary capital, whose yield at the issue price may be little more than 5 or 6 per cent., it is clear that subscribers are being asked to give a heavier hostage to fortune than they would normally be willing to do. And that, if the process were long continued, would be a dangerously inflationary sign.

* * *

Spain and the Investor.—This week's rising in Spain, like its many predecessors, has left the Stock Exchange's withers unwrung. There are few countries in the world, indeed, in which the markets have a smaller direct interest. Spanish Government borrowing is represented by only one peseta issue in the Official List; no municipal loans are outstanding, and of the handful of companies operating in Spain only Rio Tinto is of first-rate market importance. This company, moreover, has in recent years so greatly extended its interests in Rhodesia and elsewhere that it is questionable if Spanish domicile properly applies. Its business in Spain is now largely confined to the pyrites trade, a market in which the company has exerted an important stabilising influence. News received early this week suggests that conditions at Huelva, where the company's properties are situated, have remained quiet, but

other hand, produce tubes only for the very prosperous and rapidly expanding home market. Whitehead Iron and Steel is another "specialist"; the company is a re-rolling concern, making no pig iron or semi-finished steel. The position of Richard Thomas is more difficult to define. The company is one of the largest steel producers in the country, but its finished products consist of sheets and tinplates. The prolongation of the tinplate cartel and the formation of the sheet cartel will stabilise the price structure in the industry. The company is thus proof against a fall in profits. Moreover, it is expanding its business very rapidly, and has the British rights for the construction of an American continuous strip mill, which should substantially reduce costs of production. The long-term prospects of an expanding company are inevitably difficult to assess, but the shares seem reasonably priced. The results of Millom and Askam have so far been a little disappointing, but the company stands to benefit eventually from the demand for hematite steel for armaments.

Lastly, we come to the steel producers *par excellence*, the composite producers of pig iron, semi-finished steel, and finished products of various sorts. There are the three North-East coast companies—Dorman Long (to which structural steel is of primary importance), South Durham, and Consett Iron. The last-named produces mainly acid steel, for ship and boiler plates; the first two produce mainly basic steel. Together with Colvilles—the Scottish group which has recently become of interest to the investor—they are the chief producers of ship steel. The next important group includes Guest, Keen and Nettlefolds which, through its subsidiaries (of which John Lysaght is the chief), produces the whole gamut of steel products, and, jointly with Baldwins, dominates the South Wales heavy steel industry. Finally, there is United Steel, with works in Lincolnshire, Sheffield and Cumberland. This group, similarly, produces almost every kind of steel, but it concentrates upon structural steel and rails.

To these twelve companies, therefore, the general considerations governing the industry mainly apply. The following table shows the monthly production of the relevant types of iron and steel in each of their areas in the first five months of this year, of 1935 and of 1934:—

IRON AND STEEL OUTPUT AND EARNINGS

Company (and Accounting Date)	Regional Output Jan.-May ('000 tons)			Ord. Share de-nomination	Price	Latest dividend (%)	Earnings (%)	Gross Yield (%)
	1934	1935	1936					
Composite steel producers:—								
Consett Iron (Mar. 31)...	63(a)	75	89	£1 13 8	Nil	7.9(a)	Nil	
Dorman Long (Sept. 30)...	£1 40 0	Nil	12.7	£1 40 0	Nil	12.7	Nil	
South Durham (Sept. 30)...	683(b)	757	916	£1 37 6	5	11.9	3.70	
Colvilles (Dec. 31).....	515(c)	537	658	£1 35 6	Nil	13.4(g)	Nil	
United Steel (June 30)...	1,128(d)	1,170	1,303	£1 35 0	7	10.4	4.00	
Baldwins (Dec. 31).....	205(e)	220	272	£1 11 6	7½	12.1	2.80	
Guest, Keen & Nettlefolds (Mar. 31).....	...	(f)	...	£1 37 0	5 f.t.	7.7 f.t.	2.70 f.t.	
Specialists:—								
Stewarts and Lloyds (Dec. 31).....	...	(f)	...	£1 36 3	5	9.7	2.75	
Tube Investments (Oct. 31).....	...	(f)	...	£1 75 0	10(k)	18.9	2.66	
Richard Thomas (Mar. 31)...	455(l)	436	511	£1 14 0	12½	13.8	5.95	
Whitehead Iron (Mar. 31)...	(j)	...	...	£1 145 0	35	55.0	4.82	
Millom & Askam (Dec. 31)...	267(h)	283	...	£1 15 0	Nil	Nil	Nil	

(a) N.E. acid steel. (b) N.E. basic steel. (c) Scottish steel. (d) Cumberland, Lines, and Sheffield steel. (e) S. Wales pig iron. (f) No useful figures available. (g) Sheet and tinplate figures, four months. (h) Coast hematite pig iron. (i) After allowing for recent capital reconstruction, and allowing £200,000 for depreciation. (j) Charging only one year's pref. div. and before £200,000 special reserve for pref. div. (k) And capital bonus of 10 per cent. Earnings given on new capital.

This table provides a better measure of the companies' position than the national steel output figures, and each controls a sufficiently large proportion of the output in its area to make the comparison significant. The conclusion would appear to be that the possible future profit increases are already adequately discounted. It is difficult to see on what grounds the very "highly geared" Dorman Long ordinary shares stand substantially higher than Guest, Keen and Nettlefolds or Colvilles and the low-gearred and stable United Steel ordinary shares. It might, perhaps, be argued that the steel share group as a whole is highly unstable. That might be a justification for the relative levels of the two sets of shares. But if it is true, the dividend yields on the group as a whole should be appreciably higher in relation to shares of other industrial groups than they are to-day.

that the mines were not working. The £5 shares fell from 13½ at the end of last week to 13¼, after some nervous selling which reduced the quotation to 12½, but have subsequently recovered to 14. The movements in this share—and a day's suspension of dealings in the peseta—are, as yet, the only market consequences of Spain's civil war.

The Still, Small Voice.—The theory that every shareholder, no matter how small, has the right to express his view on the general policy of his board is, in principle, unchallengeable. Fortunately for company administration, however, it is usually exercised with restraint. It may be hoped, therefore, that company directors will not regard the changes in the articles of Lloyds Bank, which were approved by shareholders last week, as affording a general precedent for control of *bona fide* criticism at annual meetings. Two substantive changes in shareholders' rights were approved at the Lloyds Bank meeting. First, the power of members to submit any resolution to a general meeting, on written notice given in advance, has now been withdrawn. Secondly, a poll may still be demanded by five members, but they are now required to hold 10,000 shares (save for an extraordinary or special resolution), compared with 500 shares formerly. These changes are undoubtedly restrictive, though they merely bring the bank into line with certain others of the Big Five. The presentation of resolutions relating to staff conditions has been a regular feature of recent annual meetings. Whatever the merits of the case which certain small shareholders have thus pressed, it cannot be contended that the most suitable time or place for its ventilation is at the annual meeting of shareholders. Unfortunately, the resolutions approved last week also impose restraint on the small shareholder who may have an investment rather than a professional interest in the Bank. The first alteration rules out *bona fide* resolutions moved, after due notice, from the floor of the meeting; and criticism of management (if any there be) may depend on the power to attract the chairman's eye. This restriction applies to both large and small shareholders. And the minimum support of 10,000 shares for any demand for a poll is bound to remove that right from all but fairly substantial holders. Bank shares, it is well known, are frequently held in small individual amounts. Without venturing to criticise the soundness of the board's motives, we should regard it as regrettable if their strong counter-measures were taken as a model by other directors whose claims to the confidence of their shareholders were less unquestionable.

Insurance Share Index.—Our quarterly index of insurance share prices shows a very slight rise during the past three months. The average level of the twenty-four shares included in the index stood at 4.965 on June 30th, compared with 4.952 on March 31st and 4.811 at the end of 1935 (1935=1,000). The quarterly indices are based on the mean market quotations and the yearly figures on the average of the high and low levels. Movements of the component shares are given below:—

	1931	1934	1935	June 20, 1935	Dec. 31, 1935	Mar. 31, 1936	June 30, 1936
Alliance	1,475	2,208	2,316	2,289	2,499	2,478	2,478
Atlas	2,809	3,452	3,667	3,746	3,905	4,063	3,905
Caledonian	4,041	4,820	5,032	5,284	5,409	5,535	5,221
Commercial Union	3,540	4,449	4,694	4,517	4,960	4,789	4,789
Employers' Liability	2,068	2,355	2,405	2,252	2,432	2,567	2,567
Equity and Law	1,866	3,733	4,670	4,419	4,999	6,071	6,180
General Accident	7,189	10,165	12,099	12,266	13,868	14,266	14,132
Gresham Fire	2,248	4,651	5,166	5,143	4,857	4,762	4,381
Guardian	2,340	3,272	3,487	3,474	3,718	3,692	3,737
Legal and General	5,696	10,068	11,735	12,022	12,896	13,771	13,552
Life Assoc. of Scotland	2,036	3,186	3,667	3,542	3,780	3,780	3,923
London and Lancashire	3,731	4,673	5,039	5,116	5,385	5,462	5,539
London Assurance	1,653	2,687	2,996	2,939	3,105	3,081	3,493
North British and Mercantile	3,857	4,984	5,995	6,051	6,824	6,815	6,878
Northern	1,700	2,149	2,364	2,418	2,507	2,627	2,686
Phoenix	1,569	1,970	2,089	2,083	2,165	2,199	2,199
Prudential	2,027	3,195	3,387	3,501	3,597	3,549	3,597
Royal Exchange	2,772	4,204	4,805	4,990	5,175	5,380	5,806
Royal	2,460	2,828	3,129	3,054	3,355	3,398	3,333
Scottish Life	2,352	3,708	4,382	4,270	4,607	4,494	4,494
Scottish Union and National	3,928	4,732	4,996	5,102	5,176	5,472	5,620
Sun Fire	2,347	3,088	3,271	3,378	3,422	3,422	3,333
Sun Life	2,023	2,632	2,972	3,174	3,224	3,325	3,426
Yorkshire	2,441	3,401	3,575	3,504	4,071	3,985	4,020
Average	2,840	4,025	4,497	4,522	4,811	4,952	4,965

It will be seen that stability of the average was accompanied by moderate irregularity in the component shares. The feature of the quarter was provided by London Assurance index, which rose from 3,081 to 3,493.

Actuaries' Investment Index.—A further substantial improvement in the market has, this week, raised the Actuaries' Investment Index of prices of 178 industrial equities to 84.4, compared with 83.5 last week and 83.0 a month ago (December 30, 1928 = 100). The yield has dropped to 3.72 per cent., compared with 3.75 per cent. for last week and 3.79 per cent. a month ago. Details of movements in selected groups are tabulated below:—

Group (and No. of Securities)	Prices (Dec. 30, 1928 = 100)			Yield (%)		
	Month ago (June 23)	Week ago (July 14)	This Week (July 21)	Month ago (June 23)	Week ago (July 14)	This Week (July 21)
Building materials (5)	101.2	102.8	102.8	4.77	4.70	4.71
Coal (7)	98.0	98.8	100.7	4.24	3.45	3.36
Cotton (6)	36.5	37.7	40.9	2.21	2.23	2.23
Iron and steel (12)	71.7	74.8	78.5	4.11	3.97	3.81
Oil (5)	83.4	80.5	82.1	3.06	3.34	3.27
Electrical supplies (10)	138.8	141.6	143.2	3.89	3.85	3.81
Stores and catering (20)	87.1	85.8	85.4	3.58	3.64	3.66

The most marked improvement is shown in the cotton group, where the price index is 3.2 points higher on the week. Prices in the oil group have regained the ground lost in the previous week, and iron and steel shares continue to advance. Slight declines are shown in the gas and electric light and power sections, and also in the stores and catering group.

COMPANY NOTES

Linen Companies.—The linen industry, like all the other textile industries, has experienced difficult and competitive conditions during most of the post-war period. Prices have been reduced to maintain "parity" with other textile prices, and fashion has moved unpredictably. The industry, however, having met the situation by substantial reduction of prices, has in consequence largely maintained its turnover. The total output of flax yarn for 1934, at 932,000 cwt., considerably exceeded the total of 868,600 cwt. for 1924, and although piece-goods have not quite maintained the 1924 volume, the reduction is not serious. The industry has therefore attempted to reduce costs sufficiently to restore profit margins at the new level of prices. To some extent this was achieved simply through the fall in flax prices, but the 1935 boom in flax again narrowed the spinners' margin and checked the recovery in profits. But since technical efficiency has also improved, there should be room for some further recovery in profits as a result of the easier conditions in the flax market. In general, however, profit margins remain very low. In

	(Profits in £'000)						
	1929	1930	1931	1932	1933	1934	1935
Linen Thread (Sept. 30):—							
Earned for Ord.	143.5	Dr. 10.4	Dr. 4.2	79.4	62.0	130.3	140.7
Earned %	8.7†	Nil	Nil	4.8	3.8	8.4	9.3
Div. %	8†	6†	6†	6	6	6	6
Robinson and Cleaver (July 31):—							
Earned for Ord.	40.5	37.7	17.3	18.4	23.1	16.1	11.9†
Earned %	20.2	19.5	9.2	9.8	12.3	8.3	6.1†
Div. %	10	10	6	6	6	6	6†
York Street Flax (June 30):—							
Earned for Pref.	20.3	20.0	Dr. 108.8	Dr. 21.9	Dr. 17.8	11.6	Dr. 10.6
Prospectus profit to 1933. Then gross profit	36.2	28.7	15.9	18.0	17.4	17.4	15.9

† Tax free.

‡ Before charging £12,200 compensation to directors for loss of office.

Northern Ireland, where more than three-quarters of the industry's capacity is located, the net output per worker

employed for 1934 was only £96, which is one of the lowest, if not the lowest, returns for any trade. Some improvements have been made in plant in recent years. But it is probable that there is ample room for further re-equipment. From the investor's point of view, there are relatively few linen shares from which to choose. Linen Thread has succeeded in adjusting its costs and products to new conditions and can well afford to keep abreast with improvements in plant. Robinson and Cleaver, though linen specialists making a large part of their own requirements, depend for their profits mainly on their retail store business. York Street Flax Spinning has made progress with costs reductions; if its buying policy has been successful it will no doubt have improved its margin this year. But until further economies have been achieved, its preference and ordinary shares must be reserved for the specialist with local knowledge.

Southern Railway Statement.—The home railway dividend season has opened somewhat disappointingly with the Southern Railway statement. The 1 per cent. interim on the preferred ordinary stock has, in fact, justified the market's revised estimate, but the operating figures are somewhat damping. Increases in receipts of £111,000 for passengers and £79,000 for goods have been almost completely absorbed by higher working expenditure. Net income from steamships and other ancillary services is £24,000 lower, and, on balance, net revenue for the half-year is £17,000 below that of the first half of 1935. Operating costs have thus increased by £183,000. The company's payments to Local Authorities and to the Rebates Fund are still based on assessments previously ruling, and an amount of £125,000 has been deducted, for both half-years, on account of estimated overpayments. The full 5 per cent. dividend was paid on the preferred ordinary stock for 1935, and was virtually covered by earnings. The reduction in net revenue for the past half-year represents, in fact, a very small percentage on the stock, which the market will, probably, continue to regard as fully covered. Two points, however, may be borne in mind by holders of Southern Deferred. First, the recent recovery in traffics has been concentrated on the goods traffics of the two northern lines. Secondly, increased wage costs conceded for the second half of the current year will be equivalent to nearly one-quarter of 1 per cent. on the Deferred stock. The London and North Eastern statement was not available as we went to press.

Furness, Withy Report.—Although the speculative purchaser who bought Furness, Withy ordinary shares as high as 21s. 10½d. earlier this year may well be disappointed by subsequent events, the latest accounts show a recovery which is not unsatisfactory. Profits for the year to April last have been struck without crediting any transfer from reserve. For the preceding three years a sum of approximately £100,000 was credited. After adjusting the 1934-35 profits, it would seem that true earnings rose from £295,083 to £415,310—a figure comfortably higher than in any year since 1930. It is, therefore, entirely due to the directors' prudent increases in depreciation provisions from £150,000 to £350,000 in the same period that the cover for preference dividends is now at its lowest level throughout the last decade. A comparison of profits over the past three years is given below:—

	Years to April 30		
	1934	1935	1936
Profit, including dividends received	278,165*	295,083*	415,310
Transfers from reserves (approx.)	100,000	100,000	Nil
Total	378,165	395,083	415,310
Depreciation	300,000	300,000	350,000
Preference dividend	57,187	58,125	57,656
Ordinary shares—			
Earned	20,978	36,958	7,654
Paid	Nil	Nil	Nil
Earned (%)	0.5	0.8	0.2
Paid (%)	Nil	Nil	Nil
Carried forward	166,175	203,133	210,787

* Approximate.

The directors' report is, if anything, rather more cautiously framed than the increase in profits might have suggested.

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HAMILTON FISH ARMSTRONG, Editor



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It welcomes the improvement and hopes for its continuation, but also underlines the unsettled conditions which prevail "in certain directions." The balance sheet, invariably cast on rigid lines, shows an increase in investments in subsidiaries which, presumably, is associated with the Shaw, Savill and Albion acquisition. The determination of the directors to raise depreciation provision to the highest figure in a decade, and thus to reduce available profits to the lowest figure, must be regarded as a portent for the ordinary shareholder. The latest year's provision is equivalent to some 4 per cent. on the total value of shipping property and investments in subsidiary companies. It may be doubted if the directors will reduce the charge if future profits are maintained, and since the volume of world trade is still fettered, a sharp increase in earnings, sufficient to provide a satisfactory return on the £6,000,000 ordinary capital, is still to seek. The shares rose this week on the Chamber of Shipping returns to par—an adequate valuation since they have received no dividend since 1932-33.

Distillers Meeting.—The essentially long-term equity of Distillers' Stock units—which frustrated optimistic speculative purchases some weeks ago—was underlined by several passages in Mr Thomas Herd's speech last week. Although the demand for blended whisky, both at home and in the United States, is rising, the company's operations each year extend further into industry. A growing demand for industrial solvents and plaster board is now served, but there is, at any rate for the time being, no prospect of increased dividends proportionate to the expansion of these "industrial" branches. Competition has kept the profit margin on industrial spirits low in relation to the capital employed. To this the company takes no exception, for its long-term policy is designed, very wisely, to encourage consumption in this branch. Alcohol is the raw material for many solvents and industrial chemicals; technical change is rapid, and the company is determined to keep abreast of developments. The chairman added, however, an interesting rider to his discussion of the company's industrial business. "At any moment we may be compelled, either alone or in association with others, to invest considerable sums in new installations which may only be profitable on large-scale production." Substantial liquid reserves and heavy depreciation provisions are plainly forecast, but they carry their converse of a stable near-future dividend prospect in the immediate future. In short, the company aims at stability and security. Distillers' ordinary stock units, like Imperial Chemical Industries ordinary, are sound industrials offering an assured 4 per cent. yield for the next few years, and a deferred long-term equity.

A Jurgens Conundrum.—Should tangible compensation be given to preference shareholders for the loss of a purely contingent right? That conundrum is raised by this week's scheme for the complete amalgamation of Van den Berghs, Ltd., and Jurgens, Ltd., joint members of the Unilever combine. The 7 per cent. cumulative preference stock of Jurgens has the right to an additional $\frac{1}{4}$ per cent. of dividend for every 1 per cent. above 7 per cent. paid on the ordinary. Holders are offered on a par for par basis 7 per cent. cumulative preferred stock in Unilever, Ltd., which has no participating rights. The exchange will give them a stock quoted on July 22nd at 33s. 3d., against 30s. for their existing stock and an increased earnings "cover." The first of these "compensations," however, benefits only those who may wish to cease to be stockholders. The second widens the industrial risk of Jurgens preference stockholders, for their "catchment area" will no longer be restricted to the margarine trade, but will include the multifarious activities of the whole Unilever combine. In general terms, it may be urged that the appropriate *quid pro quo* for the abandonment of "deferred equity" rights should itself be of an "equity" character. It is true that the Jurgens preference shareholders have never received any participating dividend, because no more than 7 per cent. has been paid in any year on Jurgens ordinary. But as the latter is a "group controlled" stock, the

amount of its dividend is a function, not wholly of earnings, but of the dividend policy of the controlling party. Actually, the earnings on the ordinary stock, after allowing for the preference participating rights, have exceeded 7 per cent. in six out of eight years since 1928. It would appear, on the whole, that a decision by the directors to afford additional compensation would, in this case, have the weight of first principles behind it.

Gaumont-British Deal.—After various unofficial reports (referred to in last week's *Economist*), it was announced from New York on Monday that agreement had been reached "in principle" for the transfer of half of the Twentieth Century-Fox interest in Gaumont-British to Loew's Incorporated. A new trust company is to be formed to acquire the 2,915,000 Gaumont-British ordinary shares at present held by Metropolitan and Bradford Trust. Some 2,100,000 of these shares, it is understood, are at present held by Twentieth Century-Fox. Control of Gaumont-British is vested in British hands by a special voting arrangement (see the *Economist*, July 18, page 124) and will so remain. Gaumont-British will enjoy specially favourable distribution facilities in the United States, through these companies, and the three concerns will combine their British distribution organisation. No official information is available regarding the capital of the new company. It is suggested that the three parties will control less than half the capital, leaving the balance to be offered to the British public. The agreement has considerable strategic importance for the American producing companies, who have, for some time, been concerned over their hold on the British market. Gaumont-British ordinary shares have advanced during the last fortnight from 9s. 6d. to 12s. 10 $\frac{1}{2}$ d. It is, however, difficult to read justification for this rise into the terms of the agreement, whose positive benefits to the Corporation seem reserved to the improved United States rentals.

Cement Prospects.—The speech of Mr Horace Boot at Wednesday's meeting of shareholders in Eastwoods Cement included a review of prospects which tended, incidentally, to explain contemporary differences in market value between the shares of representative front-rank companies in the cement and brick trades. Both industries have an obvious equity in constructional activity, but, of the two, cement has the advantage of a wider range of uses and a closer internal market organisation. Cement, indeed, is a "public works" material *par excellence*. For some housing schemes, e.g. flat-building and slum clearance, its advantages are decisive. It is being extensively used in connection with other housing schemes, and in the construction of commercial and industrial buildings, roads and harbours. On many sites it is now customary to lay roads and foundations entirely in concrete before building construction begins. The decision of the Minister of Transport to bring 4,500 miles of British trunk roads under national care and control is of obvious relevance for cement company shareholders, though it applies to no more than about one-tenth of the total length of classified roads in the country. It is no matter of surprise that the sales tonnages for the cement industry as a whole are expected to show, for 1936, an increase of 38 per cent. over those of three years earlier. Moreover, the industry, since December, 1934, has enjoyed the protection of "price stabilisation methods," which have made reductions of schedule quotations, such as that of December, 1935, a matter of policy rather than of involuntary adjustment in the face of competitive "price cutting." The end of the constructional boom is certainly not yet in sight; and so long as it endures, co-operative price arrangements in the cement industry may endure likewise.

Oil from Coal.—Government spokesmen have recently discussed the possibility that hydrogenation plants might be set up in the depressed areas. Mr Runciman suggested that the claims of Jarrow might be considered, while last week-end Mr Baldwin referred to the advantages of South

Wales as being less vulnerable than the North-East coast. The investing public is interested in the Billingham experimental plant, erected with Government assistance, through the ordinary shares of Imperial Chemical Industries. Developments at Billingham are still described, in official quarters, as a "commercial scale experiment." That the investor, however, draws a distinct difference between large-scale hydrogenation and the rival low temperature carbonisation processes is suggested by the fate of the National Coke and Oil issue, to which reference was made in last week's *Economist*, page 127. The response was insufficient to provide adequate funds for the development programme, and subscribers' cheques have been refunded. Technical difficulties, including a fire at the works, have handicapped another concern, Coal and Allied Industries. Although the company was established last year, difficulties have arisen, and the plant alterations have only recently been tested. Only Low Temperature Carbonisation has a reasonably successful profits record, achieved *per arduum*. Both as a solution to unemployment on the coalfields, and as medium for the investor, oil from coal processes have limited utility at this stage.

Rubber Share Outlook.—After a long period of stagnation some signs of returning life have recently been evident in the rubber market. Since the franc has won its most serious round in the fight against devaluation, the market has taken heart once again. The importance of political and currency influences during the last two months is strikingly demonstrated by the general disregard of successive favourable developments in the general rubber position. Consumption in the United States, always a significant market pointer, was well in excess of 50,000 tons in both April and May. This is considerably above the level of the corresponding months last year. At the same time evidence has been accumulating that the Dutch East Indian Government is now well in control of the native export situation, and shipments have been kept within their allotted quota by timely variations of the export duty. Of greater importance is the official announcement that the system of individual restriction on native estates, which at present covers only a small fraction of the total area, will be extended at the beginning of next year to all native growers, and the present unwieldy control through the export tax abolished. Thus the native problem, which, more than any other, jeopardised the smooth working of the restriction agreement, is now within sight of final solution. From the long term standpoint, therefore, the outlook remains as favourable as in the

Company and Share Denomination	"All-in" Costs (pence per lb.)		Ordinary Dividends		Id. per lb. on Price = % for Ord.	Current Price	Yield on latest Divs.
	1934	1935	1934	1935			
Bata Tiga (£1) ...	d. 4.04	d. 4.48	% 7.5	% 6 $\frac{1}{2}$	% 3.7	1 $\frac{1}{2}$	% 4.0
F.M.S. Planters (£1) ...	3.80	4.17	7.5	8.0	3.3	1 $\frac{1}{2}$	3.6
Labu (£1) ...	2.94	3.31	10.0	10.0	3.0	2 $\frac{1}{2}$	4.1
London Asiatic (£2s.) ...	3.58	3.88	8.0	7.0	4.0	4 $\frac{1}{4}$	3.4
Pataling (£1) ...	3.65	3.94	7.5	7.0	4.1	1 $\frac{1}{2}$	4.0
Sungei Salak (£1) ...	4.01	4.07	10.0	5.0	5.3	1 $\frac{1}{2}$	3.1
Un. Sua Betong (£1) ...	3.65	4.54	12.5	10.0	4.3	3 $\frac{1}{2}$	3.2

brighter days of several months ago, when prices were steadily advancing and promised to reach the much-vaunted eightpenny level with little delay. Until recently, market sentiment has continued to regard the possibility of guilder devaluation as a potent bearish influence—at least over the short term. This calculation, however, neglected the shortcomings of an analogy between the effects of sterling depreciation on raw commodity prices at the bottom of a depression, and gold *bloc* devaluation in a period of pronounced recovery in which only the gold countries themselves are lagging behind. If this sentiment should recur, however, the recent recovery would prove little more than a temporary phase. Nevertheless, the market has expressed its confidence in the strength of the underlying position by recently marking up rubber prices to 7 $\frac{1}{2}$ d. a lb., their highest level for over six years. If the

subsequent reaction to 7 $\frac{1}{2}$ d. should, eventually, be reversed, there would still be little justification for any substantial rise in rubber share quotations beyond their current level. As the accompanying table shows, dividends in 1935 were in most cases below those of 1934, as a consequence of increased restriction and the rise in costs which necessarily followed. Current yields, even on the shares of high-gear companies, such as those included in the table, suggest that present prices amply discount any improvement which it is reasonable to envisage at the moment.

Tanganyika Concessions Report.—Market interest in Tanganyika Concessions is faithfully persistent, despite the inability of the company to show a real recovery in earnings. The report, published this week, shows a loss of £79,316 for 1935, after crediting revenue of only £4,202. Market opportunities have been distinctly unfavourable, and a loss of £53,279, arising mainly from the sale of 5,240 Union Minière shares, has been sustained on share dealings, compared with a profit of £34,937 in the previous year. Again, the 1934 revenue was increased by a profit of £100,003 from the Kentan sale. In short, therefore, there has been no improvement to record in the regular earnings position. A debit balance of £14,006 is carried forward, to which is added £351,000 advanced to the African Railway Finance Company, which is, for the time being, treated as irrecoverable. The report points out that this company's holding of Tanganyika "B" preference shares (totalling 1,200,875 at December 31st last) may, if the market value improves sufficiently, ultimately cover all advances until the debentures are repaid (i.e. until 1951 at the latest date). Greatest attention, of course, will be devoted to the progress of the Union Minière interest. For this reason, shareholders may regret that the chairman's

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RESERVE FUND	£2,500,000
CAPITAL UNCALLED	£7,500,000
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detailed report is not supplemented by a print of the Union Minière report and accounts, given in previous years. This concern, whose report was issued from Brussels in the middle of June, resumed ordinary dividends last year, after four years' break, and showed an increase in net income from 76,670,000 francs to 176,696,000 francs. The net amount receivable by Tanganyika Concessions from the recent dividend declaration is £68,848. Future prospects of this interest are regarded favourably, and the capital reorganisation will result in a substantial bonus for Tanganyika Concessions. The Benguela Railway holdings are still carried in the accounts at par for the ordinary shares and 40 per cent. for the debentures. It is still impossible to assess their value. Current operations are covering expenditure without leaving substantial funds for renewals, and these will become onerous unless traffics improve, since the company charges replacements when the work is carried out. The gold properties are developing in promising fashion, but it is still unprofitable to work the Kanshansi copper mine of Rhodesia-Katanga. In sum, Tanganyika Concessions—with its large and unremunerative railway obligations—is unlikely to share in the favourable copper prospect commensurately with unencumbered mining undertakings. And the market, rightly or wrongly, continues to invest its gold properties with a political risk. The £1 ordinary shares, at 12s., thus appear adequately to value their recovery equity.

Amalgamated Banket Areas.—The first accounts covering the period from February 25, 1935 to March 31, 1936 show a net profit of £42,146, after deducting expenses and interest from a sum of £50,439 received in dividends from the Tarkwa Gold Areas subsidiary (which owns the Abbontiakoon mine). This net profit is carried forward, but an interim dividend of 5 per cent. has been declared for the current year. From August, 1935, to May, 1936, the ore milled from the Abbontiakoon mine (acquired in August, 1935, together with the old Tarkwa mine now being opened up) was 105,015 tons, yielding 33,044 oz. fine gold valued at £219,931. The working profit was £111,670, the calculated costs of £108,261 representing 20.6s. per ton, excluding development. Some 28,369 ft. of development has been carried out, the footage per month having increased from 600 ft. in August last to 1,400 ft. at present; development costs have fallen to 42.9s. per foot, and are now about equivalent to 5.4s. per ton milled. Ore reserves are 658,900 tons, valued at 6.5 dwts., 195,184 tons at 4.28 dwts., and probably about 512,099 tons of average grade. The total assets of £1,296,501 include £645,319 in shares in the two subsidiary companies, which are to be wound up during the current year. Development expenditure and preliminary expenses together amount to £68,859, and liquid assets stand at £66,745. An unsecured loan of £101,215 for working capital appears among the liabilities. This is part of a sum of £250,000 which is obtainable in consideration of an option on 1,000,000 5s. shares at par. The 5s. shares are quoted at 12s. 7½d.

Southern Kinta Consolidated.—This concern, formed to merge several Malayan dredging companies, shows a considerable expansion of profits for the second year's working. Excluding proceeds from buffer stock sales operating profits amount to £227,160 for the year to March last compared with £127,178 for the previous fourteen months, after allowing for depreciation of £54,500 and £27,000 respectively. Higher values have been recovered, and working costs, which at £38 19s. 8d. were already satisfactory, have been further reduced to £37 15s. per ton. Some 10,035,400 cubic yds. were dredged—an increase of 11 per cent.—which yielded 3,244 tons of concentrates, an increase of 30 per cent. After crediting additional revenue of £56,503 from the buffer stock sales and from other receipts, and after charging £83,000 to income tax reserve, the profit available for the ordinary shares is £192,430 (28.8 per cent.) compared with £101,677 (or 15.8 per cent.) for the previous period. Distributions have been increased from 15 to 20.1 per cent. and £63,185 is carried forward, as against £5,391 brought in. An interim dividend of 6 per

cent. has been declared in respect of the current year. Strengthening of reserves is reflected in the increase of cash holdings from £161,032 to £386,033. Since the average rate of production during the current year is 87½ per cent. of the quota, compared with an average of 74 per cent. over the latest year, current earnings have markedly increased. The latest monthly returns show an average production of 383 tons per month for April and May, as compared with 270 tons per month for the previous year. At the present price of 13s., the shares yield £7 14s. 6d. per cent.

Other Company Results.—Our table of company profits, on page 201, includes the results of some sixty concerns. This week's steel and engineering reports include some important features. *Consett Iron*, in particular, shows an increase in net profits from £262,328 to £399,753. Of this sum, £150,000 has been reserved for workmen's compensation and £200,000 for plant improvements, and the balance carried forward is increased to £106,488. The improvement in shipbuilding has benefited the company's steel business, and demand for coke has been very satisfactory. The latest earnings are equivalent to approximately 8 per cent. on the reorganised ordinary capital. *W. and T. Avery*, whose ordinary capital was last year increased by a 20 per cent. capital bonus, has reported record profits. Net earnings amount to £149,601 against £124,087, and the rate of dividend is maintained at 15 per cent. on the new capital. *Crossley Brothers and Head Wrightson* also show a marked improvement in profits. *South African Distilleries and Wines* have enjoyed a successful year, despite the E. K. Green episode, and profits have increased from £138,051 to £160,919, the dividend being raised to 10 per cent. *Threlfall's Brewery* profits also show a satisfactory advance from £295,745 to £322,862, and the dividend has been increased to 17 per cent. In the industrial group, *Thomas Bolton* profits are nearly £22,000 higher at £98,287, but *Griffiths Hughes*, the "Kruschen" proprietary concern, appears to have reached a stable earnings stage, since profits are only £3,000 higher at £249,627. *McDougalls, Ltd.*, show reduced earnings, but *McDougalls Trust* has maintained its income and pays a higher ordinary dividend. *Tilbury Contracting* strengthens its impressive profits and dividend record, while *Totalisators*, thanks to the re-introduction of the totalisator to dog-racing tracks, has converted a loss of £6,739 into a profit of £26,565. This week's rubber results show some irregularity. *Anglo-Java*, for example, shows much reduced profits, but *East Asiatic* has maintained the previous level. Other results include *Cicely*, *Craigielea* and *Kuala Muda*.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—The Standard Bank of South Africa, Bank of London and South America, Provincial Bank of Ireland, Anglo-Spanish Construction, City of San Paulo Improvements and Freehold Land, United Dominions Trust, Anglo-Dutch Plantations of Java, Bukit Rajah Rubber, Kuala Muda Rubber Estates, Merlimau Pegoh, Distillers Company, Victoria Falls and Transvaal Power, Millars' Timber and Trading, and Rosterman Gold Mines. We comment on the chairmen's speeches at the Standard Bank of South Africa and the Bank of London and South America meetings on page 171. Mr Trotter, at the Provincial Bank of Ireland meeting, referred to the improvement in the Free State's balance of trade. At the Anglo-Spanish Construction meeting, the chairman explained the difficulties arising from the Spanish Government's debt of some £1,750,000 to the Santander Mediterraneo Railway and from its failure to pay the sums owing. It was stated that the company had received no reply to an offer to abandon its interests in exchange for the equivalent of the sums due. At the United Dominions Trust meeting, Mr Gibson Jarvie emphasised that the home market was still capable of further development, and expressed appreciation of the Bank of England's association with the Trust. Col. Sir Robert Williams, at the Anglo-Dutch Plantations of Java meeting, reported that the gross profit from tea was distinctly better than for the previous year. At the Bukit Rajah Rubber meeting, the chairman said that the

small increase in the price of rubber was more than offset by the increase in the cost of production. Sir Francis Voles, at the Kuala Muda Rubber Estates meeting, hoped that the company would extend the policy of replanting in future years. At the Merimau Pegoh meeting, the chairman referred to a marked improvement in the rubber position, which had been reflected in a firm market and rising prices. Mr Thomas Herd's speech at the Distillers meeting is referred to on page 176. The chairman of Victoria Falls and Transvaal Power referred to the increase of 13 per cent. in the number of units sold. Mr James White disclosed that Millars' Timber and Trading, thanks to scientific kiln drying, now produced well-seasoned timber in months instead of years. At the Rosterman Gold Mines meeting, the chairman reported that sufficient development work had been done to indicate more than one year's supply of ore for the mill. Mr Guedalla, at the City of San Paulo Improvements meeting, described the proposal to construct a stadium on the company's property.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET AUGUST 11	ACCOUNT AUGUST 13
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ACTIVITY has been unfettered in almost every section of the market this week. Leading ordinary shares have, in many cases, broken through the year's high levels. The *Financial News* index of 30 industrials, for example, reached 115.2 on Thursday, compared with the previous high level of 114.5 in mid-February. In the gilt-edged market, conditions have markedly improved owing to the success of recent corporation issues. The opening week of the long holiday account, as a year ago, has brushed aside the decent tradition of quietude. Favours have been widespread, save, perhaps, in the rather leaden plantation markets. Whether this week's profits prove irresistible, in due course, remains to be seen. Many wise operators will certainly leave no unattended open accounts before their departure for warmer climes. Although profit-taking was comfortably absorbed this week, the possibility of a technical check next week cannot be ruled out.

Gilt-edged stocks began the week firmly, unhampered by political news, and further encouraged on Tuesday by the welcome success of the Birkenhead and Nottingham loans. Prices hardened, although business showed only a modest expansion. In the corporation loan market, however, fresh activity developed in the recent scrips.

In the foreign bond market, Rentes were inclined to sag on the continuance of rumours of poor support for the "baby" bond issues. Austrian and German loans held their ground, while Czechoslovakian bonds recovered somewhat from their earlier weakness. Greek issues recovered on hopes of a favourable debt settlement. Chinese loans, however, were the chief feature of the list, with an early improvement in most issues. Although mid-week business was not so brisk, demand was maintained for the Vickers and Marconi notes. Japanese bonds, in contrast, were weak on the closing of the Stock Exchange, and failed to recover appreciably on the re-opening.

Home Rails began the week in firm style, and the volume of business, which at first was not large, expanded when the traffics were announced. The Southern Railway interim statement (discussed on page 175) was, however, less favourable than the market had expected. Foreign rails remained without real support, although Argentine stocks improved somewhat on buying which the market regarded as significant.

Industrial shares have been generally cheerful throughout the week, and buying has been better spread than recently. Iron and steel shares continued prominent, and the reported decision of the Federation to adhere to the Steel Cartel added force to the rearmament impetus. The leading shares (whose prospects are discussed on page 172) all advanced. John Brown again jumped on expectations of a higher dividend. Among the smaller companies, Platt Bros. responded to the extension of armament manufacture to Textile Machinery Makers. Business in the aviation and the motor sections was less enthusiastic, but the tone remained firm.

Electrical equipment issues improved considerably on good trade prospects, and cable makers' shares responded to the Post Office extension programme. Enfield Cable were prominent on the interim dividend. In the drapery and stores sections, Woolworth continued to take the lead and rose to a new high

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level on bonus hopes. Unilever were supported among provision issues, which were generally firm. The textile group was well supported from the North on hopes of improved business but irregularity became apparent in mid-week, when profit-taking affected several issues. Brewery shares were firm early in the week, Mitchells and Butlers being a strong feature on good provincial trading reports, but irregularity ensued. Activity spread to the shipping group on publication of the Chamber of Shipping figures and improvements were registered by P. and O. deferred and Furness Withy. Renewed reports of Government activity in South Wales led to demand for Milford Docks, which jumped 4s. to 27s.

Business in the miscellaneous industrials section has been mixed, but there have been many bright features. Good building figures stimulated a further rise in cement issues, and British Oxygen improved with the continued expansion of steel and construction activity. There was some profit-taking toward mid-week which affected Associated Portland Cement and several other building material shares. Turner and Newall again rose sharply. Bowaters ordinary improved on the prospectus profits figures.

The oil market opened the new account with enthusiasm, based on optimistic trading expectations, which brought buyers for all the leading issues. On Tuesday, attention shifted to the more speculative shares, and the volume of business died down, only to be renewed with greater activity later in the week, when "Shell" Transport passed the £5 mark. Considerable support has been received from the Continent. Business in the rubber and the tea shares markets was dull with prices sagging slightly.

At the beginning of the week the Kaffir market was completely overshadowed by activity elsewhere, but in mid-week there were signs of revived interest, particularly in Far Western issues. West Witwatersrand, Western Reefs and Venterspost were prominent. Later there were signs of profit-taking. West African issues sagged, despite increased activity in mid-week, but business in Rhodesian copper shares improved on the activity in the metal market. Interest in tin issues was stimulated by hopes of a satisfactory arrangement with the Siamese producers.

Despite an unexpectedly bright day at the end of last week, Paris was not reassured, and underlying nervousness persists. On the Berlin Bourse, quiet conditions were relieved by a demand for low priced specialties. In Amsterdam, the Spanish rising prompted caution, but in the commodity sections the upward movement still continues.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to July 17, 1936	July 18, 1936	July 17, 1936	July 20, 1936	July 21, 1936	July 22, 1936	July 23, 1936
Government and Municipal Loans	5,484	991	1,079	1,260	976	1,069	968
Transport, Com- munications, and Public Utilities	4,473	814	898	1,131	981	1,275	1,186
Commercial and Industrial	23,635	4,850	4,985	4,951	4,962	5,653	5,054
Banks, Insurance and Financial	2,317	434	531	508	425	573	528
Mines (including Nitrate)	7,151	1,582	1,617	1,483	1,336	1,375	1,469
Oils	891	175	204	206	306	337	223
Rubber, Tea and Coffee	1,464	279	377	311	246	242	174
Total	45,415	9,125	9,691	9,850	9,232	10,524	9,602
Corresponding day in 1935	...	8,342	8,513	9,406	7,794	7,674	6,973

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL

ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1936 (July 23)	Lowest of 1936 (Jan. 2)	July 16, 1936	July 17, 1936	July 20, 1936	July 21, 1936	July 22, 1936	July 23, 1936
115.2	107.4	113.1	113.9	114.4	114.7	115.0	115.2

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1936 (Feb. 19)	Lowest of 1936 (June 26)	July 16, 1936	July 17, 1936	July 20, 1936	July 21, 1936	July 22, 1936	July 23, 1936
138.4	136.2	136.8	136.8	136.8	136.9	137.1	137.2

We understand that the Stock Exchange Committee has withdrawn permission to record bargains in the shares of Central Wassau Gold Mines.

FOREIGN STOCK EXCHANGES

NEW YORK

At the end of last week price movements became a little irregular, with considerable profit-taking in progress, but there was every sign of underlying strength, particularly in the Building, Aviation and Railroad sections. This week the market continued optimistic, and prices improved generally until a reactionary movement developed in mid-week. The principal causes of the renewed upward movement which has carried many prices to new post-depression highs, are the excellent company results for the second quarter, and the signs of breaking drought. Nearly all sections of the market benefited from the continued economic recovery. Rails and rail equipment shares improved with increased car-loadings, steel shares with increased steel mill activity, farm-implement shares with the increased rainfall in some of the drought-stricken areas. Utilities are no longer the black sheep of the market. Copper shares improved during the week, on the strong position of the metal, evidenced in mid-week by the increased price. On the bond market government issues were weak at the end of last week on the new reserve policy. This, it was anticipated, might be followed by sales of government securities as an open market policy to control reserves still further. But this week such fears were dispelled, and the bond market recovered. Speculative bonds have been strong. *Iron Age* estimates steel mill activity for the week at 71 per cent. of capacity, compared with 69 per cent. last week, and electricity output is running 16.5 per cent. higher than the corresponding week of last year.

	July 15, 1936	July 22, 1936	July 22, 1936		July 15, 1936	July 22, 1936	July 22, 1936
	1936	1936	Eng. Equiv.†		1936	1936	Eng. Equiv.†
U.S. 2½% Treas. Bds. 1945-47 ...	103½	103½	103½	Natl. Biscuit	33½	33	32½
Atchafalca	81½	81½	81½	Phelps Dodge	35½	37½	37½
Edison	13½	13½	13½	Pullman	48½	51½	51½
Illinois Central	23½	23½	23½	Sears Roebuck	79	79½	79½
N.Y. Central	39½	39½	39½	Un. Fruit	79	82	81½
Pennsylvania	35½	36½	37	U.S. Leather	6½	6½	6½
Southern Pacific	36½	38½	38½	U.S. Rubber	27½	30	29½
Southern Ry.	17½	17½	17½	U.S. Steel	62½	62½	62½
Union Pacific	128½	135½	134½	Westinghouse	133½	134	133½
				Woolworth	58½	52½	52½
Am. Can.	136	135	134½				
Amer. Smelting ..	82½	87½	86½	Am. Tel. and Tlg.	170½	170	169½
Anaconda	37½	39	38½	Int. Tel. & Teleg.	14½	13½	13½
Bethlehem Steel ..	53	53½	53½	Utilities P. & L.	5	5	5
Chrysler Motor ..	115½	119½	118½	W. Union Tlg.	88	88½	87½
Corn Products Rf. ..	75½	72½	72½				
Eastman Kodak ..	171½	173	172½				
Gen. Electric	41½	41½	41½				
Gen. Motors	69½	70	69½	Shell Union	48	19½	19½
Int. Harvester	83½	82½	82½	Std. California	38½	39½	39½
Mont. Ward	44½	44½	44½	Do., N.J.	63½	63½	63½

† Calculated at \$5.03 to £.

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

	1935	1936 (Jan. 1 to July 22)	Be-ginning of Year 1936	July 8, 1936	July 15, 1936	July 22, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest July 22		
351 Industrials ...	74.5(9)	112.3	112.7	128.2	112.8	128.2
33 Rails	27.4	43.0(w)	42.8	53.2	52.7	53.2
97 Utilities	52.2	93.6	91.2	108.4	93.6	108.4
Total, 421 Stocks	68.1	97.7	97.7	112.7	97.7	112.7
Average yield of 50 Industrial Common Stocks	3.02%	4.06% (v)	High 3.60% (c)	Low 2.85% (a)	3.22%	3.48%
					3.48%	3.20%
						3.29%

(f) March 13th. (g) April 29th. (h) April 8th. (i) November 13th. (j) December 4th.

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100)							
Highest of 1936 (July 21)	Lowest of 1936 (Jan. 6)	July 15, 1936	July 16, 1936	July 17, 1936	July 18, 1936	July 20, 1936	July 21, 1936
146.4	126.2	146.5	146.3	146.7	147.5	148.2	149.4

TOTAL DEALINGS IN NEW YORK

	July 16, 1936	July 17, 1936	July 18, 1936	July 20, 1936	July 21, 1936	July 22, 1936
Stock Exchange—						
Shares (Thous.)	1,480	1,560	560	1,420	1,590	1,450
Bonds (Value Thous. \$)	14,470	15,540	4,780	9,580	11,670	11,520
Curb—						
Shares (Thous.)	338	359	204	321	340	333

* Two-Hour Session.

CAPITAL ISSUES

THIS week's activity in the new issue market, as we suggest in a Note on page 173, shows that the usual pre-holiday pressure is meeting with a willing response from the investor. Moreover, the success of the *Nottingham and Birkenhead* issues has encouraged the authorities to allow *Ayr* to issue £1,500,000 3 per cent. stock at the same price—£99 per cent.—again redeemable on a single date, in 1956. A large proportion of the issue is new money. *Scarborough*, which does not enjoy trustee status owing to her small resident population, has placed the maximum amount of £250,000 3 per cent. stock 1957, at £97 10s. per cent. net, while a *Plymouth* issue has also been approved. The 7½ per cent. participating preference issue of *Bowater's Paper Mills*, which provides part of the finance for the Edward Lloyd Investment acquisition (described on page 126 of last week's *Economist*), ranks after the 6½ per cent. preference capital. Profits of the two merger concerns show considerable fluctuation, but if present earnings levels are maintained the fixed dividend cover seems adequate. The group will be in a strong technical position, and the stress is laid on future economies in distribution and transport. The shares yield 5 per cent., with prospect of an eventual one-fourth per cent. participation in surplus profits, after payment of a 7½ per cent. ordinary dividend. *Bachelor's Peas* has achieved a remarkable growth in profits between 1933 (£8,808) and 1936 (£76,100). Of the company's assets, as much as £248,000 will be represented by goodwill, compared with £29,202 for fixed assets, and £68,032 for net assets, these figures being increased, however, by £130,766 from the proceeds of the issue. Although plant extensions are to be effected, the rate of earnings shown for the 5s. ordinary shares, issued at 8s. per share, may somewhat flatter immediate dividend possibilities, in view of the apparently generous capitalisation. The *London and Coastal Oil Wharves* convertible debentures and ordinary shares must, at this stage, be regarded as speculative, for the company intends to build oil wharves, and storage accommodation. Only estimated profits, therefore, are at present available. *Trinidad Consolidated Oilfields* ordinary shares must also be regarded as speculative, for the company's main area (although regarded as promising by a firm of consulting technologists, one of whose partners appears on the board of the company) is as yet unproven. *Freedlands Limited*, whose 5s. ordinary shares have been offered at 12s. 9d., have a distinctly stable profits record during the past three years. At the issue price, however, the ordinary share earnings yield of 8½ per cent. is no more than fairly satisfactory, in view of the size of the issue. Particulars of statements "for information" which have been published this week will be found in a succeeding column.

ISSUES OF THE WEEK

January 1 to July 18, 1936, including conversions, Old Basis, £282,359,714.
January 1 to July 18, 1936, excluding conversions, Old Basis, £110,086,980.
January 1 to July 18, 1936, including conversions, New Basis, £283,184,373.
January 1 to July 18, 1936, excluding conversions, New Basis, £185,024,398.
National Savings Certificates, Net receipts week ended July 18, 1936, Dr. £100,000.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	3,040,000	£	3,505,750
To Shareholders only	3,619,858	2,381,363	1,988,282
By Stock Exchange Introduction	1,295,000	86,850	1,510,880
By Permission to Deal	300,000	...	300,000
Total Capital raised—			
Including Conversions	292,857,548	202,229,360	
Excluding Conversions	290,135,109	115,481,022	
January 1 to date—	318,320,453	197,633,841	
1936 (New Basis)	242,654,049	118,098,526	
1935 (Old Basis)	285,147,944	112,174,863	
1934	208,610,973	114,138,008	
1928	278,750,156	...	
1922	2,699,684,265	188,909,963	
1923	683,000,056	369,058,074	

(a) This figure includes £1,920,000,000 or conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	73,839,709	26,531,487	101,858,164	202,229,360
1936 (Old Basis)	61,015,048	13,692,182	40,773,792	115,481,022
1935 (New Basis)	85,631,491	35,150,229	76,852,121	197,633,841
1935 (Old Basis)	67,323,558	25,079,167	25,695,801	118,098,526
Whole year—(Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1929	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in thirty weeks ended July 27, 1935.

PUBLIC OFFERS

Ayr County Council.—Issue of £1,500,000 3 per cent. redeemable stock 1956 at 99. Ranks *pari passu* with other loans. Redeemable July 15, 1956. To repay loans and for capital expenditure. Net debt, £3,957,643. Value of property owned, £130,400.

Bowaters Paper Mills, Ltd.—Issue of 700,000 7½ per cent. cumulative participating £1 preference shares at 30s. Receive 25 per cent. of profits after 7½ per cent. on ordinary. Proceeds of this and other issue to acquire control of E. Lloyd, Ltd., through purchase of 830,890 E. Lloyd Investment £1 ordinary shares from Allied Newspapers at par for cash. E. Lloyd assets £6,946,150; profits after depreciation and preference dividend: 1933, £340,075; 1934, £124,194; 1935, £162,024. Combined assets Bowater companies, £4,910,362; profits, after depreciation: 1933, £156,695; 1934, £89,017; 1935, £182,965; half-year 1936, £119,244.

Bachelor's Peas, Ltd.—Issue of 250,000 6 per cent. cumulative £1 redeemable preference shares at par, and 200,000 5s. ordinary shares at 8s. Proceeds to repay £195,234 loan for cash purchase price, and for new factory, £95,000. Acquires pea packing and canning business. Net assets, £97,234, purchased for £345,234 (goodwill, £248,000), payable by £195,334 cash and £149,900 by 599,600 ordinary shares. Profits, before interest on loans repaid, years to June 30, 1934, £24,707; 1935, £30,911; 1936, £76,100.

London and Coastal Oil Wharves, Ltd.—Issue at par of £220,000 6 per cent. convertible mortgage debenture stock and 220,000 5s. ordinary shares. Stock secured by first charge on agreement for lease from P.L.A. of land at Canvey Island, and on future buildings, etc. Carries right to July 31, 1939, to convert into 30 ordinary shares per £10 stock. Redeemable 1946 at par, or from 1939 at 105 on three months' notice. Purchase price for agreements, etc., £97,000, payable £9,500 cash and £87,500 in 350,000 5s. ordinary shares. Estimated net profits, £58,294 per annum.

Trinidad Consolidated Oilfields, Ltd.—Issue of 400,000 10s. ordinary shares at par. To acquire and exploit oil properties in Trinidad. Leases, 1,873 acres; options, 4,553 acres (if exercised, consideration payable by 250,000 ordinary shares). Purchase price, £169,000, payable £35,500 cash and £133,500 in ordinary shares, and liabilities up to £2,500. Agreement between Trinidad Investments, Ltd. and Trinidad Leaseholds, Ltd., for sale of oil. Estimated profits from operating, £69,000; available for reserves and dividend, £45,100.

BY OFFER FOR SALE

Freedlands, Ltd.—Offer for sale of 260,000 5s. ordinary shares at 12s. 9d. Furniture making business. Profits, after plant, etc., and before buildings, etc., depreciation, years to March 31: 1934, £26,353; 1935, £25,339; 1936, £26,424. Net assets, £168,541. Achilles Trust take issue at 11s. 6d. and expenses.

BY STOCK EXCHANGE INTRODUCTION

South Metropolitan Electric Light and Power Company, Ltd.—Particulars of issue of £500,000 3½ per cent. debenture stock at 99, redeemable at par 1972, or from 1955 on six months' notice. Ranks *pari passu* with £500,000 4½ per cent. stock. To repay temporary loans, and for development. W. Greenwell and Company take issue at 98½ net.

Hugh Highgate and Company, Ltd.—Particulars of issue of 230,000 10s. ordinary shares. Whale and fish oil refinery business, founded 1882. Net assets March 31st, 1936, £114,180, acquired for £139,900 (goodwill £25,820), payable by £115,000 cash and £24,900 in 49,800 ordinary shares. Profits, after depreciation, years to March 31st, 1934, £16,597; 1935, £18,156; 1936, £20,990. Mr Roth Carter and Federated Trust and Finance Corporation take issue at par and expenses.

S. E. Opperman, Ltd.—Capital, 600,000 2s. shares. Acquires gear-cutting and aircraft components manufacturing business. Net assets, £25,813, acquired for £36,452 (goodwill, £10,639), payable by £26,452 cash and £10,000 by 100,000 shares. Combined profits, before depreciation, years to June 30th, 1934, £2,804; 1935, £6,149; 1936, £10,636. Whitehead Industrial Trust take 499,993 shares at par and expenses.

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1936

BROOKS RAILROAD MORTGAGE TABLE

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INCORPORATED

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Southend Waterworks Company.—Particulars of issue of £100,000 3 per cent. debenture stock redeemable at par 1965. Ranks *pari passu* with other debenture stocks. Laurence, Keen and Gardner take the issue at 98½ net. less one half per cent. commission.

Gloucester Gas Light Company.—Particulars of issue of £80,000 3½ per cent. debenture stock redeemable at par 1961. Panmure Gordon and Company take the issue at 98 net.

Davies and Metcalfe, Ltd.—Capital 200,000 10s. shares. Acquires exhaust and live steam injector manufacturing business. Net assets and purchase price (all in cash), £100,000 (goodwill, £16,283). Profits, before depreciation: 1933, £19,821; 1934, £33,004; 1935, £32,917.

Roberts (Charles) and Company, Ltd.—Manufacturers of railway wagons at Wakefield. Particulars of £400,000 4 per cent. first debenture stock, to repay £309,800 debentures, etc. outstanding. Secured by first floating charge. Redeemable at par from 1938 and thereafter at various rates to 1976, on notice. Prudential Assurance Company take issue at 97 per cent. and expenses.

Freedman (Henry), Ltd.—Particulars of 280,000 5s. shares. Acquires raincoat and men's clothing manufacturing business. Net assets, £60,308, purchased for £60,000 payable by 240,000 5s. shares. Profits, before depreciation: 1933, £12,363; 1934, £10,125; 1935, £17,922; six months to June 30, 1936, £13,633.

Goodyear Tyre and Rubber Company (Great Britain), Ltd.—Particulars of issue of 400,000 4½ per cent. cumulative redeemable £1 preference shares. Redeemable up to 1946 on sixty days' notice at 5 per cent. premium, and thereafter at par. Baring Brothers for a commission of 7½d. take issue at par and expenses.

John Holroyd and Company, Ltd.—Capital, 400,000 5s. ordinary shares. Machine tools, etc., makers; own Petrie and Company. Combined net assets, £142,517. Profits before depreciation, years to September 30: 1933, £12,356; 1934, £13,101; 1935, £34,053; six months to March 31, 1936, £21,520. The Provincial Stockbrokers Trust buy 266,666 shares at 14s.

PRIVATE PLACING

Scarborough Corporation.—£250,000 3 per cent. redeemable stock, 1957, has been sold to Messrs Cohen, Laming, Hoare at 98½ per cent. less £1 per cent. commission.

BY TENDER

Rainham Waterworks Company, Limited.—Messrs. A. and W. Richards offer for sale by tender, £20,000 £1 additional ordinary shares at minimum price of par. The company is constructing new works at an estimated cost of £35,000. This issue is to provide part of the cost.

Brighton and Worthing Gas.—The directors are offering for sale by tender £50,000 four per cent. preference stock. Minimum price £105 10s. for each £100 of stock.

(Continued on page 184)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1936 Jan. 1 to July 22, inclusive				Prices, Year 1936 Jan. 1 to July 22, inclusive				Prices, Year 1936 Jan. 1 to July 22, inclusive				Prices, Year 1936 Jan. 1 to July 22, inclusive			
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The overseas produce markets in which South Africa is particularly interested improved considerably during 1935, though it was not until the last quarter that there was any substantial recovery in prices from the comparatively low level at the beginning of the year. Since the turn of the year prices of wool and other raw materials have remained steady at the higher level and the statistical position generally is

strong and demand is good. Apart, therefore, from the uncertainty as to the outcome of the political position in Europe the outlook appears promising, but it must not be overlooked that South African farmers are largely dependent upon overseas manufacturers for the sale of their products and that in the present unsatisfactory state of international trade relationships manufacturing countries are endeavouring to grow their own raw materials or produce artificial substitutes thereof.

Trade Returns A brief reference to the trade returns will suffice as an indication of the remarkable recovery of South Africa notwithstanding the unsettled world conditions which prevail.

The value of the external trade of the Union for 1935, inclusive of the estimated currency premiums on gold exported, increased by £29,000,000 as compared with 1934. Exports rose from £82,000,000 to the substantial total of £102,000,000 while imports advanced from £66,000,000 to £75,000,000.

The chief factors in the increase on the export side were gold bullion and specie £15,550,000 and farm products £4,320,000. The latter amount was spread over the various important commodities, wool accounting for £1,400,000, sugar £925,000 and maize and products £600,000.

Of the increase in imports of £9,000,000 metals and machinery accounted for £4,000,000, Government stores £1,300,000, textiles £956,000 and vehicles and parts £932,000.

Southern Rhodesia A further substantial advance was apparent in the external trade due to continued activity in the gold mining industry and a substantial improvement in base metals notably in asbestos production.

Imports rose by £1,250,000 to £6,500,000 and exports by over £600,000 to £9,000,000. The value of the mineral output for the year was £6,250,000, which established another record.

Unfortunately, exports of agricultural and pastoral products declined owing in the main to adverse weather conditions and restrictions due to outbreaks of foot and mouth disease.

Government revenue for the year ended March 31st last, which amounted to nearly £3,000,000, gave a surplus of £32,000 over expenditure and the estimates for the current financial year provide for a small surplus over an expenditure of £3,000,000.

Northern Rhodesia This territory is very largely dependent on the production of copper. Consumption depends mainly upon industrial activity, more particularly in the electrical, motor-car and building trades, and as these industries are improving in most countries and the nations are spending large amounts on armaments there is an increasing demand for this metal.

Imports for the year totalled over £3,000,000 and exports £4,800,000.

Nyasaland Trade within the Protectorate has remained quiet at about the level of the previous year. The chief products are tobacco, tea and cotton. Tobacco, the most important, suffered a setback owing to unfavourable weather conditions, but prospects for the present season are more encouraging.

An increase in tea production was recorded and the next few years should show a substantial improvement as fairly large acreages are not yet at the full bearing stage.

Cotton growers experienced an exceptionally favourable season. Good progress towards recovery was witnessed in this Territory. The removal of restrictions on the export of cattle and produce to the Union, an adequate rainfall and good grazing materially assisted the farming industry and the freer circulation of money has afforded farmers encouragement in their efforts to re-establish themselves after the setbacks of recent years.

South-West Africa The Karakul lambskin industry continues to be the most lucrative branch of farming, while dairying constitutes an important source of revenue.

The outlook is considered to be brighter than at any time during the last five years.

The economic position of the East African Territories improved during the year.

East Africa Absence of drought and locusts and the encouragement of native cultivation by the Government have been responsible for an increased volume of production. This increase and the large amount spent on mining development has meant improved traffic for the railways and a greater spending power for the natives, resulting in its turn in larger revenue from direct and indirect taxation.

There has not, however, been any marked improvement in the sphere of European farming. With the exception of sisal, prices of European-grown produce have shown little, if any, margin over costs of production.

Director's Visit to Africa Our colleague, Lord Balfour of Burleigh, has recently returned from a tour of South, East and Central Africa. By making extensive use of airway facilities he was able to visit, with one exception, all our Branches in East Africa and 80 Branches in the Union, the Rhodesias and Nyasaland, including all the larger centres.

The Directors attach much importance to visits of this nature which enable them to keep in close personal touch with developments in the territories with which the Bank is so closely concerned.

Mr Ralph Gibson, of the London management, also visited our branches in East Africa and the larger centres in Rhodesia and South Africa.

In the time at my disposal I have only been able to survey in rough outline the economic progress achieved by South Africa, but I think I have said sufficient to indicate its present prosperity and great potentialities.

With her natural resources, a united people and wise leadership South Africa is indeed a fortunate country. There is every reason to look forward with confidence to continued prosperity provided the peoples of the World find in a spirit of co-operation and goodwill a peaceful solution to the problems which beset them.

Appended to the report of the proceedings of this meeting which you will receive in due course will be further particulars regarding trade in South and East Africa.

I now beg to move: "That the report and balance sheet to March 31, 1936, now presented, be adopted," and I will ask my colleague, Mr Reiersen Arbuthnot, to second the resolution.

Mr W. Reiersen Arbuthnot: I have much pleasure in seconding the resolution.

The Chairman: Before putting the resolution to the meeting I will endeavour to answer any questions, if there are any.

Mr J. Hardy: Mr Chairman, I should like to ask one question. Is there any reason why the shareholders should not know the total amount, or approximately the total amount, granted as bonus to the staff this year. I make no objection to the bonus—I quite agree with you—but is there any objection to the shareholders knowing the lump sum?

The Chairman: Yes, sir, there is; but I will tell you the rate at which the bonus was paid. It was paid at the rate of 10 per cent. upon their salaries.

Mr Hardy: Thank you.

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

DECLARATION OF DIVIDEND.

The Chairman: I now have to make a formal declaration of dividend by reading the following to the meeting:—

"As empowered by the articles of association, on behalf of the Board, I now declare a dividend for the six months ended March 31, 1936, of 5s. per share on 500,000 shares, as a final dividend for the 12 months ended on that date, with a bonus of 2s. per share (making, with the interim dividend, a total distribution of 12 per cent. for the year), both payable in British currency and subject to income tax, to be paid to those shareholders whose names appeared on the Register on the 1st day of July, and to become payable on the 25th instant."

We now come to the second resolution. I beg to propose:— "That Horace Peel, Esq., Brigadier-General Sir Samuel Herbert Wilson, G.C.M.G., K.C.B., K.B.E., and Edward Clifton-Brown, Esq., be re-elected directors of the company."

I will ask Mr Dickinson to second that.

Mr R. E. Dickinson: I beg to second that resolution.

The resolution was unanimously adopted.

The Chairman: We now come to the third resolution, which I will call upon Mr C. N. Daniels to propose.

Mr C. N. Daniels: Mr Chairman, ladies and gentlemen, I have very much pleasure in proposing:—

"That A. T. Turquand-Young, Esq., F.C.A., Roderick M. Peat, Esq., F.C.A., and Sir Nicholas E. Waterhouse, K.B.E., F.C.A., be re-appointed auditors of the company for the ensuing year at a remuneration of 400 guineas each."

Mr R. E. N. J. Seyd: I have much pleasure in seconding that resolution.

The resolution was passed unanimously.

SERVICES OF THE STAFF

The Chairman: We now come to the fourth resolution. I beg to propose:—

"That the thanks of the meeting be given to the general managers, the London manager, and other officers for their valuable services." This is always a pleasurable task.

PARTICULARS IN REGARD TO THE CHIEF INDUSTRIES OF SOUTH AND EAST AFRICA FOR THE PERIOD UNDER REVIEW

MINERALS *

The value of the total mineral output of the Union for 1935, taking gold at the standard value, was £52,988,458, as compared with £50,446,783 in 1934. Including the currency premium on gold the value was £83,460,236.

The Transvaal gold output—10,776,684 fine ounces—although 290,291 fine ounces more than in the previous year, was 776,860 ounces below the peak figure reached in 1932, owing to the continuation of the policy of milling ore of lower grade. The average yield per ton of ore worked which in 1932 stood at 6.471 dwts. dropped by successive stages to 4.728 dwts. in 1935. The quantity of ore treated per annum increased during the same period from 35,209,650 tons to no less than 44,598,050 tons, and the expansion of milling is compensating in increasing degree for the lowering of the grade.

In Southern Rhodesia the gold output reached 726,281 fine ounces, valued at £5,089,962, as against 691,152 ounces, with a valuation of £4,695,746, in the previous year.

In East Africa heavy development expenditure has been incurred. Production comparisons for the last three years were as follows:—

	Gold	Kenya	Uganda	Tanganyika
1933		14,147 oz.	1,166 oz.	39,532 oz.
1934		15,939 "	5,842 "	54,702 "
1935		23,008 "	5,651 "	64,134 "

Diamonds

Exports of diamonds from the Union were valued at £2,975,525 as compared with £2,819,031 in the previous year. Industrial diamonds formed a large proportion of the 1935 exports, a development which opened up a source of profit not formerly exploited.

Coal

The value of coal produced in the Union showed a further increase and was estimated at over £3,500,000. Internal sales improved largely, owing to the greater demand for power caused by the gold mining activity and general industrial expansion.

Asbestos

The market for asbestos has shown further improvement and the Union export trade is increasing. The output was valued at £226,881, and in Southern Rhodesia the figures increased from £402,745 to £646,658.

FARMING INDUSTRIES

Maize The value of the Union exports of maize and maize meal rose from £1,383,850 to £1,991,160.

The latest estimate of the 1935-36 maize crop is 15,438,000 bags of 200 lbs., as compared with 18,728,000 bags in the previous season.

Wool

A feature of the 1934-35 wool season was the marked recovery which occurred in its closing stages. The announcement in January, 1935, of the completion of a compensating trade agreement with Germany gave a much needed stimulus to competition, but it was not until March of that year that wool, which had accumulated heavily at the ports, began to move freely. Thereafter, demand steadily increased, competition became keen and practically all available stocks were cleared, leaving a carry-over of only 11,537 bales.

The 1935-36 selling season opened favourably, and the readiness with which sales were effected induced the free arrival of wool at the ports, with the result that receipts and disposals to the end of December last considerably exceeded those for the corresponding period of the previous season. Latest advices indicate that unsold stocks are well below the average of previous years.

The Union exports were valued at £9,516,000, as against £8,084,000 in the previous year.

Mohair

The mohair position has improved considerably and prices, which at the end of 1935 were more than double those ruling at the beginning of that year, still show an upward tendency.

Mr F. E. King recently relinquished his responsible position as General Manager in South Africa. He has served the Bank with distinction, and we trust that he may be spared for many years to enjoy his freedom from the cares of office.

Mr King is succeeded by Mr Milton Clough, whose experience as Deputy General Manager in Cape Town well fits him for the high position of General Manager of the Bank in South Africa.

We have a large staff widely spread through the Continent of Africa and in London, New York and Hamburg, performing their duties with efficiency. To one and all we tender our thanks and our warm appreciation of their services. (Applause.)

I will ask Mr Nissim to second the resolution.

Mr Joseph Nissim: I beg to second the resolution and to say how pleased I am to be able to associate the whole body of shareholders with the vote that you have moved. The term of office of the General Manager, Mr F. E. King, expired with the year under review. We are grateful to him for the excellent work he has done. His successor, Mr Milton Clough, is a man in the prime of life, and we do wish to extend to him our best wishes for a long and successful tenure of his high office. As for our very valued friend, Mr Bertram Lowndes, who goes by the modest name of London Manager, I am afraid shareholders do not realise that his sphere of office extends far beyond London—important as that is—to branches in East Africa of which he is in charge.

Now, I think that shareholders of some business experience realise the weight of responsibility that rests upon the General Manager, his deputies and the London management, and the fact that the work of the Bank goes on so smoothly and so successfully is very largely due to the splendid organisation which our very able and experienced Board has slowly built up over a period of years with the help of very competent heads of departments. (Hear, hear.)

As for the officers of all ranks, I believe that nothing is left undone to secure their efficiency and competence. They are selected with great care, trained with every consideration, stimulated by adequate remuneration, their pensions are provided for and a reserve built up to help their families in the future, and the result is, of course, that the Board can always count upon their cordial co-operation. (Hear, hear.) They are in themselves a very united family, and it is no wonder that when resident or travelling customers visit branches of the Bank they are welcomed sympathetically, and I believe that if you were to seek the key to the uniform success and progress of this Bank it would be found in this happy association of all parties. (Hear, hear.) We shareholders profit invariably by the labour of the officers of the Bank, and I think we all welcome the opportunity of associating ourselves with the chairman and the Board in bestowing praise upon those who are in every respect praiseworthy. (Applause.)

The vote was unanimously accorded.

The Chairman: That, ladies and gentlemen, concludes the business of the meeting.

VOTE OF THANKS TO CHAIRMAN AND DIRECTORS

Sir Ernest Clarke: Mr Chairman, ladies and gentlemen, I have a very pleasing duty to perform, and that is to propose:—

"That the cordial thanks of the meeting be accorded to the directors for their attention to the affairs of the Bank, and to the chairman for his conduct in the chair."

I am very pleased, sir, to be privileged to propose that resolution.

I have been a customer of the Bank for 41 years, and this is the first opportunity I have had of publicly expressing my admiration of the great ability of its management and direction. The Bank operates in a country where speculation is second nature to a very large proportion of its inhabitants, but the Bank has never taken any risk; it has been built up entirely to its present great strength and position by the application of sound banking principles by its directors and its staff. (Hear, hear.) I should like, sir, to thank you very much indeed on behalf of the shareholders for the way in which you have presided over this meeting, and you and your colleagues for the great services you have rendered to the Bank during the past year; and, sir, may I add the hope that you may all be spared to give similar services for very many years to come. (Applause.)

Mr C. Hadfield Wright: There has been given to me the pleasing duty of seconding the resolution which has just been so ably proposed by Sir Ernest Clarke. At this time of day, having regard to what he has already said, I shall content myself with formally seconding the resolution.

The motion was carried amid applause.

The Chairman: Sir Ernest Clarke, Mr Hadfield Wright, ladies and gentlemen, on behalf of my colleagues and myself, I thank you.

The proceedings then terminated.

Hides and Skins

Hides and skins have shared in the general improvement. There has been a steady advance in the prices of all classes of skins, particularly of goatskins. Sheepskins have followed the upward trend of wool, and Angora goatskins have benefited from the revival of the mohair market. Hides remained steady throughout the year, and the improvement in the South African leather and footwear trade has increased the demand by local tanners for raw material. The value of hides and skins exported during 1935 was £1,422,000.

Sugar

The 1935-36 sugar output of the Union, which amounted to 417,318 short tons, as against 358,738 in 1934-35, constituted a record for the South African industry. Exports during the year totalled 212,502 tons.

The level of consumption within the Union reached during the previous season was well maintained.

Fruit

The Union exports of fruit were valued at £2,619,000 as compared with £2,583,000 in 1934.

Dairying

Dairy production in the Union showed a substantial increase.

Exports of butter increased in value from £170,928 to £492,771 and of cheese from £16,732 to £106,562.

The downward trend in the export of eggs was checked, the value rising from £139,606 to £166,248.

Tobacco

In Southern Rhodesia exports of tobacco leaf during 1935 were valued at £651,576, as against £769,283 in the previous year. The decline in production was due partly to adverse weather conditions and partly to the Government warning to growers to limit acreages to normal requirements. The new crop is selling well at prices which are considered to be fairly satisfactory.

Unfavourable weather conditions also affected the crop in Nyasaland, the production falling in value from £470,404 to £296,933. The present crop is estimated to be larger than last year and good prices are being obtained.

Wattle Bark and Extract

Exports of wattle bark and extract from the Union further improved in value from £555,560 to £767,632.

Sisal

Exports of sisal from Kenya and Tanganyika compared as under:—

	Kenya		Tanganyika	
	Tons	Value	Tons	Value
1934	24,016	£311,371	72,510	£847,562
1935	32,710	£431,858	82,676	£1,134,732

At the beginning of 1935 the price of sisal stood at £14 to £16 per ton; it increased in July and by December had reached £28 per ton, at about which level it has since remained.

Coffee

Coffee exports from Kenya and Uganda rose in value from £785,072 to £1,160,772, but the Tanganyika figures showed a slight decline from £495,237 to £486,842.

Cotton

The value of the exports of cotton from Uganda fell from £2,927,796 to £2,822,739, while those from Tanganyika rose from £326,613 to £369,547.

Manufacturing Industries

Industrial progress was maintained in all provinces of the Union, though the rate of advance showed some slowing down compared with 1934.

Manufacture, particularly in the leather and textile sections, showed steady improvement.

Phenomenal activity in the building trade continued unabated and previous records have been eclipsed.

The iron and steel industry has assumed important dimensions. All secondary industries are well employed and expansion is evident in every direction.

PROVINCIAL BANK OF IRELAND, LIMITED

IMPROVED FREE STATE TRADE FIGURES

The half-yearly meeting of the Provincial Bank of Ireland, Limited, was held, on the 22nd instant, at the Hibernian Hotel, Dublin, Mr Richard Durant Trotter (the chairman) presiding.

The Chairman, in moving the adoption of the report and balance sheet for the half-year to June 30th last, said that he was glad to report that the bank's deposits, at £15,098,000, had been maintained at practically the same figure as at twelve months ago.

Notes in circulation at £994,000 showed an increase of £50,000 on the amount outstanding at this time last year. On the assets side advances and bills discounted amounted to £6,441,500. That disclosed a falling off of some £257,000 on the figures of December last, which was accounted for by the repayment of a large special advance required for a temporary period.

In addition to that it might be mentioned that the Free State County Councils had required far less accommodation from the banks, due to the improvement in the relative rate collections, a very satisfactory feature from, at least, the point of view of the Free State Government finances.

Apart from those factors, what he might call their normal advances showed an increase, and he would here again repeat that the bank had ample resources to meet legitimate trade or farming requirements.

Their total of cash and money at call stood at £1,895,000, as compared with £1,723,000 a year ago, while investments at £8,659,000 showed an increase of £230,000 on a like comparison. Their liquid position, accordingly, to meet the monies lodged by their customers, and the notes in the hands of the public stood at the high percentage of 65, and he was happy to be able to give an assurance that the market value of their investments exceeded the total at which they appeared in their balance sheet. They had made full provision for all bad and doubtful debts. Their premises stood at the figure of £201,700, as against £207,800, and they regarded that asset as considerably undervalued.

Rates in the money market remained at a very low figure, and the return continued to militate against the maintaining or increasing of profits.

The net profits were £35,148, to which must be added £33,832 brought forward, a total of £68,980.

They proposed to pay the same dividend as before at the rate of 12½ per cent. per annum requiring an amount of £25,734, to place £5,000 to reserve fund and a similar amount to bank premises, and to carry forward to next account a slightly reduced total of £33,246.

With regard to agricultural conditions in the Free State they were led to believe that the harvest generally showed much promise and it was hoped that recent adverse weather conditions would not unduly interfere with satisfactory results, and that prices would prove to be remunerative to the farmers.

It was satisfactory to note that as the outcome of the new Coal-Cattle Agreement completed in January last with the United Kingdom, the prices for cattle of all classes had shown considerable increase.

"You will have noticed, no doubt," Mr Trotter proceeded, "from the published figures, that the adverse trend in the Free State trade balance has been arrested to an important extent, the figures for the year to May, 1936, showing an improvement on those for 1935 of over £3,000,000, and during the past few months the import and export figures have shown expansion. You will note from reports appearing in the newspapers this morning that a further expansion is shown."

"As to affairs in Northern Ireland trade conditions seem very promising, and the position of the farmers following the introduction of various marketing schemes should now show much improvement."

The recent agreement of the British Government to provide a further £447,100, towards the Unemployment Fund, is an important item.

The half-year just completed has been a busy period in the local shipbuilding industry, and an average of something like 14,000 to 15,000 men have been employed.

He felt sure that they would agree with the wisdom of the decision as to the sub-division of their shares. The wisdom of that decision had been amply proved, not only in the greater marketability of the shares, but also in their enhanced market value, showing at the present time approximately an increase of over 16 per cent. and representing an improvement in the capital value of around £206,000.

The report and accounts were unanimously adopted.

BANK OF LONDON AND SOUTH AMERICA, LIMITED

ACQUISITION OF ANGLO-SOUTH AMERICAN BANK

SCHEME APPROVED

MR J. W. BEAUMONT PEASE'S ADDRESS

An extraordinary general meeting of the Bank of London and South America, Limited, was held, on the 17th instant, at the head office of the bank, 6, 7 and 8 Tokenhouse Yard, London, E.C., to consider a resolution authorising the increase of the capital.

Mr J. W. Beaumont Pease (chairman of the bank) presided.

The Secretary (Mr J. A. Stark) having read the notice convening the meeting,

The Chairman said,—Ladies and Gentlemen,—I think the purpose of this meeting is sufficiently clearly indicated by the notice which you have just heard read and by the wording of the resolution which I shall in a moment put to you for your acceptance. Your board and that of the Anglo-South American Bank Limited have agreed to the terms under which our bank is taking over the business of the Anglo-South American Bank Limited. A meeting is being held to-day by the shareholders of the Anglo-South American Bank Limited to ratify the arrangement agreed to by the respective boards. In order that we may carry out our part of the bargain and allot the agreed purchase price of 100,000 of our £5 fully-paid shares, it is proposed that the authorised capital of our company should be increased from its present figure of £4,000,000 to £4,500,000, which will enable us to allot the necessary number of shares and at the same time to hold the same amount of unissued capital at our disposal if required at any time in the future.

Under the arrangement agreed to by the respective boards, the capital which we propose to issue to the vendor undertaking will not rank for dividend until after October 1st next.

ELIMINATION OF COMPETITION

I do not think it is necessary for me to enter into any detail or to amplify at any length the reasons which have actuated us in coming to this arrangement. Under the changed conditions that have come about in international trade in recent years it is only a matter of common sense that the two English banks, operating for the most part in South America, should avoid unnecessary competition between each other and come together to form a single strong English bank capable of rendering to the public all the banking facilities which traders in our respective countries may desire. The suggested arrangement has met with very general approval by the authorities, the Press, and public both here and abroad.

It will be realised that the new issued capital only requires an amount of £11,400 to provide its proportion of the present modest dividend paid by this bank. The elimination of competition, the economies to be effected by the amalgamation of redundant branches at those places where both banks are represented and in other ways, ought to be amply sufficient not only to provide the additional dividend required but to leave a substantial margin in excess for building up reserves or for any other purpose which is considered desirable. For this reason both on general grounds of policy and having regard to the interest of our shareholders we believe that the proposed arrangement will be for the benefit of all concerned.

One cannot help sympathising with the regrets which many may feel at the disappearance of a bank which has operated successfully in the past to the benefit of its customers and to the development of the countries in which it has been situated, but I expect you will agree with me that the step under contemplation is one which will commend itself to you in the interests of sound banking.

BRITISH BANK OF SOUTH AMERICA

As a result of this deal on its ratification by the shareholders of the Anglo-South American bank this bank will become possessed of all the shares of the British Bank of South America Limited, the subsidiary of the Anglo-South American Bank Limited operating in Brazil; it is contemplated that the business of the British Bank of South America Limited will be merged in due course with our own. I now beg to move. "That with a view to the acquisition of the undertaking of the Anglo-South American Bank Limited the authorised share capital of the company be increased from £4,000,000 to £4,500,000 by the creation of a further 100,000

shares of £5 each." I will ask Mr Foster to second it, but before putting the resolution to the meeting I shall be glad to answer, to the best of my ability, any questions which shareholders may like to put to me.

Mr Richard Foster (deputy chairman): I have much pleasure in seconding that resolution.

The Chairman having replied to two points of detail, the resolution was put to the meeting and carried unanimously.

A SHAREHOLDER'S CONGRATULATIONS

Mr Vere Herbert Smith said that as the business of the meeting was concluded he would like, if he might, to offer on his own behalf and also on behalf of all the shareholders their congratulations to the chairman upon the honour which His Majesty the King had lately conferred upon him and to express the hope that he might live a long time to enjoy his exalted position. In mentioning His Majesty he thought he must add how grateful they all were that no harm had come to him through the incident on the previous day. (Hear, hear.)

With regard to the arrangement which had been made, while they must all sympathise with the proprietors of the other bank, it did appear to him as though the directors had made an excellent and far-reaching arrangement, and he would like to congratulate the chairman upon that arrangement, and to thank him and the board generally for the work they had done in carrying it through.

Mr Barnabas F. Russell seconded the proposition.

The vote was unanimously accorded.

THE CHAIRMAN'S REPLY

The Chairman, in thanking Mr Vere Herbert Smith for the personal note which he had so kindly introduced into their proceedings, said he would like to add how very much he appreciated those congratulations and the way in which they had been endorsed. Ever since he first came into business, and that was a great many years ago, banking had really been his sole business occupation, and it would always be his greatest interest and duty to do all he could to support and increase and keep in good order those banking businesses with which he was connected.

The proceedings then terminated.

KUALA MUDA RUBBER ESTATES, LIMITED

SATISFACTORY RESULTS

The eleventh annual general meeting of this company was held, on the 23rd instant, at 19 Fenchurch Street, London.

Sir Francis M. Voules, C.B.E. (the chairman), said that the profit for the year amounted to £23,558, to which they had to add the balance brought forward from last year, making £24,274 available. They had to deduct debenture and note interest and £6,300 for one-half of the second series of notes redeemed on January 1st last and were left with £3,720, which they proposed to carry forward. Having regard to market conditions, and remembering that their exportable crop under the Regulation Scheme was about 20 per cent. less than in the previous year, shareholders would, he thought, agree in considering the results for the year satisfactory.

Since the last meeting they had redeemed £6,300 of the 7 per cent. notes, and they considered the position and the outlook justified them in paying off the balance of £18,900. They therefore proposed to give one month's notice to do that immediately. Assuming that the amount required for the redemption of those notes was covered by the profits of the current year, which they anticipated would be the case, it would enable the directors to consider the payment of dividends on the shares of the company in future years.

The total crop collected during the year was 2,288,724 lbs., the average f.o.b. cost being 2.86d. per lb. The average gross price realised for the rubber exportable during the year was equivalent to 6.58d. per lb. London landed terms. Their standard production under the Rubber Regulation Scheme for 1936 was 3,304,600 lbs. If there were no variations in the percentage released, their actual crop would be approximately 2,106,700 lbs. They expected their f.o.b. cost would be fractionally over 3d.

Their properties had been maintained in good order during the year. Plans were being prepared for the replanting of certain areas amounting in the aggregate to about 300 acres. They hoped to be able to extend the policy of replanting in future years. Apart from their own very fine estate, with mature rubber of 7,280 acres, they had a further asset in their large holding of Kepong shares, to which he attached great value.

The report and accounts were unanimously adopted.

ANGLO-DUTCH PLANTATIONS OF JAVA, LIMITED

IMPROVED TEA PROFITS

THE RUBBER OUTLOOK

The twenty-sixth ordinary general meeting of Anglo-Dutch Plantations of Java, Limited, was held, on the 17th instant, at 19 Fenchurch Street, London, Col. Sir Robert Williams (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—1935 was on the whole a disappointing year. Compared with the slump years, the improvement which set in in 1934 was still apparent, but we had hoped for a continued improvement, which, to a large extent, failed. Tea and tapioca show better results, cinchona and rubber not so good, the loss on sisal is reduced, the loss on coffee is greater, whilst instead of a small profit on rice in 1934 a loss is shown. The result is that, before reckoning depreciation and writings-off, but including interest received from the debenture redemption account, a net profit of £199,864 19s. 5d. is transferred to the London company, approximately £40,000 less than for the previous year. In view, however, of the improved prospects, the board have decided to recommend the same dividend as for last year.

TEA

The gross profit from tea was distinctly better than for the previous year, and, including profits made by the Tjoekol, Bodjong Asih and Goeboek Companies, amounted to just over F.805,000, compared with F.543,000 for 1934.

The area under tea is 26,698 acres, all of which, except for 185 acres, is in bearing. This area is represented by 22 estates, 20 of which are equipped with factories, and this year another is to be erected on our Tjiater estate, which is one of our highest estates and that most recently planted. The Jat of seed from which the estate was planted being uniformly good, we have every expectation that the quality of tea which will be produced here when the new factory is completed towards the end of 1937 will be equal to our best.

In setting out crop figures we are under the difficulty that the restriction year which covers the company's allowable quota does not synchronise with our financial year. The company's standard production for 1935-36, that is, from April 1, 1935, to March 31, 1936, was 18,424,335 lb., and that for 1936-37 is somewhat higher at 18,640,818 lb. The restriction percentage was 41½ per cent. for 1935-36, and is 43.21 per cent. for the current year. These, of course, are the local restriction percentages and not the international percentage, which for the current year remains the same as for last year at 17½ per cent. The crop for 1935 amounted to approximately 12,329,000 lb., including licences bought during the year. The crop estimated for the current year is some 11,700,000 lb., without purchased licences, but including these, we expect about 12½ million lb. Our standard assessment represents almost exactly 700 lb. per acre, whilst our production for 1935 was equivalent to 465 lb.; this gives an indication of the severity with which restriction affects our production.

Both cost and selling prices were more favourable to the company in 1935 than during the previous year. Notwithstanding the less favourable rate of exchange, the cost price fell from 7.54d. per lb. in 1934 to 7.16d. in 1935. In this latter figure is included a farthing per lb. representing the cost of licences purchased, therefore the actual cost was under 7d. The selling price advanced from 8.79d. in 1934 to 9.05d. per lb. last year.

It is extremely difficult to be prophetic as to the probable course of the tea market for the present year. At the commencement of the period of control the market responded by a strong advance; this was followed by a rather severe setback during the second year, after which a reasonable recovery again set in. So far the present year has seen this recovery maintained, the average of tea sold in public auction for the first six months of this year having shown an improvement of nearly 1d. per lb. compared with the corresponding period last year. There is no reason to suppose that this improvement will not continue. Price will be influenced mainly by stocks, and there can be no question as regards the more favourable position in this respect.

RUBBER

The gross profit has been disappointing, amounting to F.755,000 compared with approximately F.1,390,000 in 1934. This is accounted for chiefly by the very much smaller crop we were allowed to produce, namely, just under 10,000,000 lb., against slightly over 15,000,000 lb. the previous year. The control scheme came into force on June 1, 1934, so that during that year we had five months of full production. The 1935 output shows the

amount we were allowed to export during the first full year of control. In addition to the heavy fall in production, we suffered also from the natural result, namely, an advance in the cost price. Though in 1934 the cash cost had been reduced to a figure equivalent to 2.72d. per lb., the smaller crop and the more adverse rate of exchange explains the increase to 3.31d. per lb. for 1935. Furthermore, and perhaps the most disappointing feature, notwithstanding the heavy fall in production the selling price was also lower than that for the previous year, namely, 5.63d. per lb., compared with 5.74d. per lb.

Our rubber area now totals 35,918 acres, of which 29,243 are in production, and comprises 16 estates, of which six also produce tea, three coffee and one kapok, and in addition our large Soekamandi estate of sisal and tapioca has a small area of 338 acres rubber.

Our standard rubber assessment for 1935 was fixed at 16,504,786 lb., whilst for the current year it is slightly larger at 16,754,385 lb. This latter figure may be somewhat increased, as we have a certain number of appeals pending for increased assessment. The standard assessment represents an average yield of 573 lb. an acre, whilst the actual crop obtained works out at a yield of 340 lb.; here, therefore, as in tea, the severe effect of restriction is very apparent.

The international restriction figure for 1935 was 32½ per cent., whilst the internal restriction figure worked out at approximately 36½ per cent. For 1936, if no further change is made than that already announced, the international restriction for the whole year will be 37½ per cent. of standard; the internal restriction is still uncertain, but for the first half-year it appears likely to be approximately 45 per cent.

COFFEE

This unfortunate commodity appears to go from bad to worse. In 1934 our coffee loss amounted to just over F.89,000; last year the loss increased to nearly F.211,000.

At the time of the setting of the blossom for the 1935 crop we were unfortunately in a position to predict a small crop, which prediction came true, as the amount harvested fell from over 21,000 cwt. in 1934 to some 15,000 cwt. last year. As a result, the cash cost advanced from 41s. 9d. in 1934 to 53s. 3½d. At the same time the selling price continued to fall and only averaged 21s. 2d. per cwt., compared with 30s. 10d. the previous year.

The coffee gardens themselves showed continued improvement. Weak areas are gradually being replanted, and the whole of the coffee is undoubtedly in better condition than it has ever been before, and it is hoped to harvest something approaching 20,000 cwt.

CINCHONA

Though not as good as for 1934, the result last year was still quite a satisfactory one, the gross profit amounting to approximately F.188,000. Under the control of export, which is also in existence for this product, our standard was 66,617 kilos of sulphate, a reduction of about 2,000 kilos compared with the previous year. The percentage of restriction was also greater, being 60½ per cent. as against 58 per cent. This year our standard quota has advanced again to nearly 69,000 kilos, whilst the restriction percentage remains almost the same figure as last year. The cost price, at 6.60d. per lb., showed a satisfactory reduction on that of the previous year, namely, 7.06d. The unit price of sulphate has been the same for the two years.

RICE

With the steady development of Blocks 26 and 28, now called Soekanagara Estate, the area of paddy planted on the company's own freehold land continues to increase; rice is therefore assuming each year more relative importance in the company's activities.

On the Soekanagara Estate the planted area at December 31st last was approximately 6,950 acres, which includes 35 acres set aside as a seed paddy selection garden. Of the above total, about 1,648 acres were cleared for paddy during 1935. The company's main irrigation work, the Pamanoekan canal, which, when completed, will traverse the whole length of Block 28, is now just over 13 kilometres long. During the year the company's steam railway track has been extended and linked up through this area, so that there can be uninterrupted transport, through these important blocks, to the company's steam railway at Pamanoekan.

Our main kapok areas total 3,367 acres. During the year a further 513 acres were bud-grafted, and the area so treated to date comes to 1,298 acres.

The crop amounted to the equivalent of some 200 tons of cotton, against roughly 100 tons the previous year. The loss on last year's crop was approximately F.20,000.

The report was unanimously agreed to.

UNITED DOMINIONS TRUST, LIMITED

SATISFACTORY YEAR—DIVIDEND INCREASED

The fourteenth annual general meeting of United Dominions Trust, Limited, was held, on the 21st instant, at the registered offices of the company, Regis House, King William Street, London.

Mr J. Gibson Jarvie (chairman and managing director) in the course of his speech, said: To the general reserve, which stood at £400,000, there has been added £594,950, representing the sum of £612,500 received as premium on the issue of additional ordinary shares after deducting £17,549, the cost of the issue, and in this year's profit and loss account the directors have allocated a further £80,049 so that the general reserve now stands at £1,075,000, and exceeds the issued capital by a substantial margin.

We shall continue to adhere to the principles which have brought the company to such a strong position both financially and as a proved and welcome public servant. In the happiest way, fortuitously or by design, we have contrived to blend in a public limited liability company the best characteristics of a public utility with the advantages of private and competitive ownership. We have accomplished this because in serving the best interests of the shareholders we have never lost sight of the fact that we could best do so by observing at all times a proper sense of responsibility to the interests of our customers and the community.

SERVICE TO INDUSTRY

In every department of our various and growing activities, we have developed, and are constantly improving, a new and highly specialised technique, in order that we may not only lend safely to our customers, but in lending, give at the same time that kind of service which industry needs, but which only the experts in each industry with financial training and experience, can render with safety to the lender and benefit to the customer.

The provision of money on a medium and long term basis on a large scale for the kind of transactions in which we specialise, is not a business which can be safely conducted without special qualifications. It calls for much more than money. It demands an adequate staff of industrial experts and others with specialised professional knowledge. I give this warning, because there are apparently some who believe that the ability to raise and lend money is the sole requirement.

Allowing for exceptional cases, I am personally convinced from experience that credit is not being refused for any worthy proposal. That the use of credit is being restricted is in my opinion true. The more general use of credit for these and similar purposes would have a far-reaching effect, in that physical assets would be created with resulting enhanced capital values, increased productivity, and more employment. The home market has already been expanded in a quite surprising manner, but it is capable of further development. At the same time we must remember that neither greater activity in the domestic field nor the mere provision of money will effect a complete cure for the economic problems which still persist. Nor will money alone guarantee successful enterprise and a permanent increase in employment. Money by itself cannot and will not revive industrial activity and recreate lasting prosperity in our depressed areas which have suffered through the collapse or migration of staple industries on which they were dependent.

The free and intelligent use of credit and an active domestic trade will be powerful factors in mitigating our difficulties and in fostering international activity, but they are not enough.

Imports we must have, so we must export or render services. The return on our foreign investments, of great value as it undoubtedly is, is not enough to supply our needs. We must at all costs retain the confidence of other nations.

There is still another important matter to which I must refer—the offer made on behalf of the Bank of England of 340,000 of the 500,000 preference shares which they hold. These shares have been offered on terms which are extremely generous to the ordinary shareholders and the response to the offer discloses that this has been fully appreciated. The price at which the shares will be transferred, as you know, allows for no profit whatever to the Bank apart from the actual interest which these shares would normally carry until July 31st, the date of settlement.

The association with the Bank of England has been a valuable one for us, and a valued one, but—and this has been understood from the beginning—it was never the intention of the Bank permanently to maintain a large investment in your company.

The report was unanimously adopted, and a final dividend was declared on the ordinary shares of 11½ per cent., making 17½ per cent. for the year, against 15 per cent. for the previous year.

BUKIT RAJAH RUBBER COMPANY, LIMITED

MR T. J. CUMMING'S VISIT TO THE ESTATE

The ordinary annual general meeting of this company was held, on the 23rd instant, in London.

Sir Edward Rosling (the chairman) said that the results for the year were again disappointing. It was hoped as the result of the International regulation of exports they would have seen a higher range of prices. As it was, the small increase in price of ¼d. per lb. was more than set off by the increase in the cost of production.

With regard to the current season's prospects, their estimates were based on a crop of 1,050,000 lbs. Their standard production had been assessed at 1,652,896 lbs., and for the first three months to June 30th the exportable allowance was 60 per cent., and for the six months ending December it had been put at 65 per cent. The price to-day was about 1¼d. per lb. better than a year ago, and before the end of their financial year they might see a further increase in export licences.

Mr T. J. Cumming, speaking of his visit to the property in November last, said that, as must be expected in rubber of the age of theirs, the oldest of which was well over thirty years, the foliage was getting thin, especially in the hill areas, and measures were being taken to improve the condition, or, at any rate, stop further retrogression. What had struck him most was the very fine reserve of tappable bark which had been built up over the past years. Provided they could maintain the foliage in a reasonable condition, they had nothing to fear in the way of a shortage of bark, and, of course, yields were dependent to a great extent on foliage. The rubber in the flat areas was in very good condition. They had been faced with heavy expenditure in the replacement of lines. A very fine type of permanent line was now being built, and the expenditure was being spread over a period of years. The factory was running very efficiently and economically. He thought it might be taken as a compliment to their manager and to the way the estate was being run that an area of 250 acres had been selected for experimental opening and development under the International Rubber Regulation Scheme. Generally speaking, he was very favourably impressed with the conditions on the estate.

The report was unanimously adopted.

MERLIMAU PEGOH, LIMITED

IMPROVED OUTLOOK

The twenty-sixth annual general meeting of Merlimau Pegoh, Limited, was held, on the 22nd instant, at 19 Leadenhall Street, London.

Mr G. Kingsley, the chairman, said that the operation of the rubber regulation scheme had involved an increasing measure of restriction during the year under review, so that the crops harvested by the company and its principal subsidiary, Consolidated Eastern Plantations, Limited, were nearly 1,300,000 lb. less than those for the previous year. The reduced crops had brought in their train higher production costs, and it was not surprising that there had been a decline in the net profit. The higher average price realised for the rubber had, however, relieved the situation to some extent, and the board were able to recommend that the dividend should be maintained at 7½ per cent., which they trusted would be regarded as satisfactory in the circumstances.

With regard to the outlook for the current year, their rubber was selling at over 1d. a lb. more than the average price secured last year, and the confidence in the future which he had expressed on previous occasions appeared to rest on solid foundations. Consumption of rubber was progressing steadily, and the rising tendency should be accelerated as benefit was derived from the valuable research work which was being undertaken with the object of discovering and extending new uses and applications for rubber and rubber products. There had recently been a marked improvement in the statistical position which had been reflected in a firm market and rising prices. Indications pointed to a continuance of those favourable conditions, provided the market was not upset by adverse influences from outside.

With regard to the industry as a whole, chairmen of rubber companies had, he thought, been unanimous in acknowledging the benefits the industry had derived from the regulation scheme, and he would go a step further. Not only did he regard the introduction of the scheme as having been the industry's salvation, but he said in all seriousness that its premature removal would be akin to taking away the supporting hand from an invalid who had just left his bed and had been assisted to stand.

The report was unanimously adopted.

THE VICTORIA FALLS AND TRANSVAAL POWER COMPANY, LIMITED

FURTHER EXPANSION OF BUSINESS

MR ARTHUR HADLEY'S REVIEW

Mr Arthur E. Hadley, C.B.E., the chairman and managing director, presiding at the general meeting of shareholders held on the 23rd instant in London, presented a satisfactory account of the company's business for the year 1935. The net profit, after allowing for taxation and all other requirements, amounted to £543,076. The maximum dividend of 10 per cent. had again been paid on the preference shares and a dividend of 12 per cent. on the enlarged ordinary share capital of £2,500,000. The reserve fund had been brought up to £300,000 by the addition thereto of £80,000, and a further £160,000 had been added to the renewals fund. The outstanding debentures had all been repaid with the exception of bonds for £10,112, which had not yet been presented. The trustees for the debenture holders had released the mortgages on the company's properties charged in their favour.

GOLD-MINING ACTIVITY

Exceptional difficulty had been experienced in supplying the additional requirements of consumers at the dates desired in view of the time required for the manufacture and installation of plant. The activity in the gold mining industry since the Union of South Africa departed from the gold standard had roughly doubled. The strain had been relieved by the Klip Power Station coming into commission, and in a short time the normal reserve of plant would again be available. The maintenance of supply during the year had been due to the foresight of the staff in Africa in making early preparations and to the London staff for their efforts in getting new plant delivered quickly. The Chairman also acknowledged with thanks the co-operation of consumers in arranging their loads and the assistance of the municipality of Johannesburg at times when its plant was available.

The units sold during the year were approximately 2,000 millions, an increase of 13 per cent. on the previous year. The outstanding notifications for power required would involve large extensions of plant for generation, transmission and distribution. The Klip Generating Station would be the natural place for further generating plant, and the scheme of co-operation with the Electricity Supply Commission arranged some years ago had proved satisfactory and of undoubted benefits to consumers. During the past five years the company had expended over £2,000,000 on plant and apparatus, and the work in hand would add substantially to this amount.

PRICE REDUCTION

The price for supply to the principal consumers during the year was 5 per cent. lower than in 1934 and 10 per cent. below that for 1933. This enabled the consumers to enjoy a saving of about £100,000 in the past year. It was pointed out that further increases of sales would not produce a proportionate increase of profits, as the consumers under the company's tariff would enjoy further reductions in price with the growth of the company's business; also, capital charges would increase with the re-establishment of the normal provision of reserve plant and the debenture savings which appeared in previous accounts would no longer exist.

In Northern Rhodesia negotiations for a small supply to Livingstone were brought to a satisfactory conclusion. Consequent upon the agreement with the Government of Northern Rhodesia covering the rights at the Victoria Falls, arrangements had been actively pushed forward which enabled contracts for the civil engineering work and plant for lighting Livingstone to be arranged.

PENSION SCHEME

It had been decided in the interests of the company to create a pension scheme for the hourly and daily paid employees, and after careful examination a scheme had been adopted and brought into existence during the present year.

The Chairman concluded by expressing on behalf of the board and the shareholders their appreciation of the services to the staff both in London and South Africa, who had all had a most strenuous year, and he desired to express the board's continued confidence in them.

The report and accounts were unanimously adopted, and the retiring directors, Sir Henry Birchenough, Bart., G.C.M.G., and Mr R. E. Shott, were re-elected and Messrs Cooper Brothers and Company were re-appointed auditors.

ROSTERMAN GOLD MINES, LIMITED

PRODUCTION COMMENCED—GOOD PROSPECTS

The first annual general meeting of this company was held, on the 17th instant, at 20 Copthall Avenue, London.

Mr George J. S. Scovell, C.B.E. (chairman of the company), in the course of his speech, said: The salient feature of the year's work has been the disclosure of good values at an incline depth on the Horst Reef of 800 ft. The No. 5 level is now being opened up, and we have every reason for believing that the reef will live to a much greater depth. On the Ross Reef, development is proceeding, and, as you have been advised, good values are now being opened up on the No. 2 level.

Sufficient development work has been done to indicate that we already have over a year's supply of ore for the mill, mainly on the Horst Reef, and that as development advances on this and the other two reefs, further additions to the ore reserves will be provided. On a former occasion you were advised that we anticipated a milling grade of at least 10 dwt., and the developments to date indicate that this is a reasonable prediction.

As an indication of the potentialities of the deep ground, you will have observed the excellent values we are obtaining in depth on the Horst Reef, and particularly I would call your attention to those in the winze on the Ross Reef, which is the deepest point yet touched on that reef.

It was only in August last year that we were able to accelerate development footage. Since that date rapid progress has been made, and it is your board's considered policy to concentrate on the still more speedy advance of this important work.

The treatment plant, consisting of milling and cyaniding sections, has been completed and is now being tuned up in stages towards full load, *pari passu* with the opening up of stopes on the Horst Reef and the advance of development on the Ross Reef.

We have reached the end of the construction stage, and from now on, apart from the breaking and raising of ore, our main consideration must be the further advancement of underground development.

To sum up, all our technical experts and those who, like myself, are not experts, feel confident you have a fine property in Rosterman.

The report and accounts were unanimously adopted.

CITY OF SAN PAULO IMPROVEMENTS AND FREEHOLD LAND COMPANY, LIMITED

The Chairman, Mr Herbert Guedalla, F.C.A., presided at the twenty-fourth ordinary general meeting, on the 24th instant, at River Plate House, and in dealing with the accounts he emphasised that the assets, liabilities, profits and expenses arising in Brazil had been taken at the fixed exchange of 6d. per milreis. The net result for the year—after providing for exchange and debenture interest, a profit of £80,000, which increased the carry-forward to £250,247—was due to larger sales at better prices. The important Pacaembu estate had occupied most attention during the year. Arrangements were now being made to construct a stadium on part of the company's property which had been given to the municipality for that purpose. The stadium would cost 4,400 contos of reis, payable by the municipality over eight years, and the company had agreed to assist the contractors in the finance. This improvement would ensure the more rapid sale of the company's property and probably increase its value. The municipality had undertaken to bear the cost of making up and paving certain main roads on the property, costing about 1,500 contos; this alone would attract purchasers. Other important improvements in the city were also referred to. Both subsidiary companies had made profits.

Dealing with exchange, the chairman said that the free rate had been about 2½d. per milreis for a long time. It had been hoped that with a rich country like Brazil matters would right themselves, but the outlook was not bright. The balance of trade had fallen and the Government were apparently embarking on large internal expenditure without providing for it in the budget. Cost of living, house rents, and general land prices had not materially altered, and the directors were considering whether they could not now put forward a scheme for adjusting the balance sheet to the present rate of exchange. It was difficult to deal with exchange in respect of debts receivable over a long period of years, and particularly with land which might take many years to dispose of. However, a valuation by local officials of the company had been made, and if this were adopted at the current rate of exchange the capital value per ordinary share would be well above the present market price.

The report and accounts were adopted.

ANGLO-SPANISH CONSTRUCTION COMPANY, LIMITED

UNSETTLED CLAIMS AGAINST SPANISH GOVERNMENT

At the eleventh annual general meeting of the Anglo-Spanish Construction Company, Limited, held on the 22nd instant at No. 1 London Wall Buildings, London, the chairman, Mr David McAdam Eccles, said that the outstanding debentures were now 65 per cent. repaid. The company's capital and liabilities amounted to £3,204,205, and the assets consisted of approximately £115,000 in cash, gold bonds to the value of £208,733, and its interest in the Santander-Mediterranean Company, to which the Spanish Government owed some Pts. 65,000,000, equivalent to about £1,750,000.

As a result of the disturbed conditions of the country, the exploitation deficit for last year was Pts. 652,757, as compared with Pts. 80,508 in the previous year.

Interest on the sums outstanding was continuing to accrue at the rate of some Pts. 2,400,000 per annum; and if the Government had faithfully fulfilled its obligations, the revenues would have been more than sufficient to meet all the exploitation requirements. No doubt the authorities would realise the injustice of retaining the amounts due for construction and taxes improperly levied while advances were required to meet fresh coming to either of these offers.

No payments had been received during the year: and it was necessary once more to emphasise that there was no question as to the legality of these indisputed claims of the company. The fulfilment of these obligations would be regarded as an important test of the Government's good faith in respect of its commitments generally, and the company had the active support of the British Government for the claims.

COMPANY'S OFFERS IGNORED

The Anglo-Spanish Construction Company had offered to abandon its interest in the undertaking to the Government, in exchange merely for the equivalent of the sums due; and the Spanish company had expressed its willingness to accept sums on account; but although the means existed whereby a payment could at any time have been made, no reply had been forthcoming to either of these offers.

The railway had been well built and was a great asset to the Spanish nation, and one capable of yielding greater benefits in the future; and it was not to be anticipated that, once the present troubles were over, a firmly established Government would allow the stigma to attach to the country that it accepted the benefits and service afforded by the railway without paying the sums due under the contract, which, even then, would result in heavy losses to those responsible for its completion.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended July 18, 1936, amounted to £14,396,000, against ordinary expenditure of £13,079,000. After allowing for an increase in Exchequer Balances of £115,765, the operations for the week, as shown below, decreased the gross National Debt by £1,201,000 to approximately £7,987 millions.*

(000' omitted)			
24% Funding Loan, 1936-61 ...	+ £ 38	Treasury Bills	- 224
		National Savings Certificates...	- 800
		Public Department Advances	- 115
		N. Atlantic Shipping	- 1,239
	+ 38		- 1,239

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

A complete analysis of the approximate position of the National Debt at June 30, 1936, appeared in the *Economist* of July 4, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to July 20, 1935	April 1, 1936, to July 18, 1936	Week ended July 20, 1935	Week ended July 18, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	26,438,000	20,788,000	3,357,000	3,043,000
Sur-tax	56,500,000	4,800,000	4,840,000	190,000	150,000
Estate, etc., Duties	89,000,000	28,010,000	25,920,000	1,250,000	1,580,000
Stamps	27,000,000	4,450,000	4,870,000	250,000	430,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	120,000	100,000	10,000	...
Total Inland Revenue	433,000,000	63,818,000	58,298,000	5,037,000	5,203,000

1936 — OUR CENTENARY YEAR

"The best pledge of the future is from the past"

THE LIVERPOOL AND LONDON AND GLOBE INSURANCE CO., LTD.

Head Office: 1 Dale Street, Liverpool, 2 | (Chief Office): 1 Cornhill, E.C.3 | London:

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to July 20, 1935	April 1, 1936, to July 18, 1936	Week ended July 20, 1935	Week ended July 18, 1936
Customs and Excise—					
Customs	207,525,000	59,158,000	60,916,000	3,599,000	3,085,000
Excise	110,000,000	33,000,000	32,500,000	5,002,000	6,000,000
Total Customs and Excise	317,525,000	92,158,000	93,416,000	8,601,000	9,085,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	879,000	957,000	Dr 531,000	Dr 821,000
Post Office (Net Receipt)	11,250,000	5,400,000	4,800,000	900,000	700,000
Crown Lands	1,350,000	260,000	290,000	...	...
Receipts from Sundry Loans	5,000,000	1,896,269	2,031,019	...	27,805
Miscellaneous Receipts	25,250,000	4,502,187	1,886,112	5,437	1,200
Total Ordinary Revenue	798,381,000	168,713,456	159,678,131	13,982,437	14,396,105
SELF-BALANCING REVENUE					
Post Office	69,344,000	16,400,000	17,800,000	700,000	900,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	4,621,000	4,790,000	713,000	800,000
Total Self-balancing Revenue	95,844,000	21,021,000	22,590,000	1,413,000	1,700,000
Total	...	189,734,456	182,068,131	15,395,437	16,096,105

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to July 20, 1935	April 1, 1936, to July 18, 1936	Week ended July 20, 1935	Week ended July 18, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	85,569,945	84,418,666	322,556	378,562
Payments to Northern Ireland Exchequer	7,500,000	1,382,357	1,490,449	...	...
Other Consolidated Fund Services	3,200,000	1,151,463	922,699	...	20
Post Office Fund	800,000	...	...	...	...
Total	235,500,000	88,103,765	86,831,814	322,556	378,602
Total Supply Services (excluding Post Office)	570,969,000	137,643,000	148,525,000	9,800,000	12,700,000
Total Ordinary Expenditure	806,269,000	225,746,765	235,356,814	10,122,556	13,078,602
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	16,400,000	17,800,000	700,000	900,000
Road Fund	26,500,000	4,621,000	4,790,000	713,000	800,000
Total Self-balancing Expenditure	95,844,000	21,021,000	22,590,000	1,413,000	1,700,000
Total	...	246,767,765	257,946,814	11,535,556	14,778,602

† Estimated Expenditure as per Financial Statement (H.C. 77) 797,897,000
Add: Supplementary Estimates

Less: Provision made in the Budget

The aggregate revenue from April 1 to July 18, 1936, is shown below:—

(000's omitted)			
Expenditure	235,357	Revenue	159,678
Increase in balances	73	Gross borrowing	£77,632
		Less:	
		New Sinking Fund*	1,880
		Net borrowing	75,752
	235,430		235,430

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1936 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding	July 20, '35	Mar. 31, '36	July 11, '36	July 18, '36	Movement week ended
Advances by Bank of England	£	£	£	£	£
Advances by Public Departments	16,100,000	19,055,000	26,570,000	—	800,000
Treasury Bills outstanding	889,040,000	763,115,000	806,020,000*	—	225,000
Total Floating Debt	905,140,000	782,170,000	832,590,000	—	1,025,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury bills were opened on July 17, 1936, and the total amount applied for was £80,485,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 0d., about 37 per cent. and above in full; Saturday, at £99 17s. 0d., and above in full. The average rate per cent. was 11s. 7-57d. The amount allotted was £50,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5 1934	35,000,000	76,280,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	38,000,000	0 17 9-0
July 6	35,000,000	82,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,280,000	31,510,000	0 15 9-702
January 4 1935	30,000,000	49,580,000	27,500,000	0 6 1-64
April 5	40,000,000	76,095,000	40,000,000	0 10 2-93
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
January 3 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
April 3	40,000,000	76,280,000	40,000,000	0 10 2-78
July 3	50,000,000	72,750,000	50,000,000	0 12 1-27
July 10	50,000,000	76,605,000	50,000,000	0 11 9-41
July 17	50,000,000	80,485,000	50,000,000	0 11 7-57

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended June 13, 1936	618,442	£483,891
Week ended June 20, 1936	610,400	£457,800
February, 1916, to June 20, 1936	1,282,946,740	£983,847,893

At the end of March, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,448,511.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, July 22, 1936

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	443,594,688	Other Government Securities	247,737,198
In Banking Department	52,172,337	Other Securities	547,491
		Silver Coin	700,211
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	235,767,025
	495,767,025		495,767,025

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Reserve	14,553,000	Other Securities	95,773,810
Public Deposits	3,854,893	Discounts and Advances	6,461,055
Other Deposits	19,934,832	Securities	£19,358,146
Bankers' Accounts	£98,213,069	Notes	52,172,337
Other Accounts	£38,467,914	Gold and Silver Coin	958,990
	174,723,738		174,723,738

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

Both Departments	Amount, July 22, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	443,594,688	+ 335,928	+ 42,784,735
Public deposits	19,934,832	+ 458,999	+ 11,063,613
Bankers' deposits	98,213,069	+ 7,575,686	+ 2,601,940
Other deposits	38,467,914	+ 2,215,778	+ 1,880,980
Total outside liabilities	600,210,503	+ 5,239,837	+ 53,107,368
Capital and rest.	18,107,893	+ 40,456	+ 3,069
Government debt and securities	354,525,608	+ 1,273,855	+ 8,390,514
Discounts and advances	6,461,055	+ 507,011	+ 3,861,318
Other securities	19,905,637	+ 1,220,267	+ 6,048,455
Silver coin	700,211	+ 35,756	+ 939,374
Gold and bullion (bank's reserves)	236,725,915	+ 4,771,628	+ 43,486,022
Reserves of notes and coin in banking department	53,131,227	+ 4,435,700	+ 681,287
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	33-9%	+ 1-8%	- 1-9%
(b) Gold stocks to deposits and notes ("reserve ratio")	39-5%	+ 0-5%	+ 4-1%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936							
July 1	481,112	439,642	9,910	111,707	39,786	4,786 in	
" 8	485,601	443,108	10,521	96,704	38,366	4,489 in	
" 15	490,984	443,259	20,392	90,637	40,684	5,394 in	
" 22	495,767	443,585	19,935	98,213	38,468	4,773 in	

(000's omitted)

Date	Issue Department		Both Depts.	Banking Department					
	Govt. Debt and Securities	Other Securities		Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis-counts & Advances	Other Securities	Reserve and the "Proportion"	
1936		£			£	£		%	
July 1	259,142	96	222,070	36 1/2	110,403	10,626	15,920	42,428	26 1/2
" 8	259,194	71	228,567	38 1/2	96,758	5,983	17,436	43,461	29 1/2
" 15	258,986	278	231,954	39	98,813	5,864	18,407	48,696	32 1/2
" 22	258,752	547	236,726	39 1/2	95,773	6,461	19,358	53,131	33 1/2

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to July 8	17,555,639	1,065,391	1,834,689	20,455,719
Week ended July 15	630,373	40,419	67,494	738,286
Week ended July 22	538,599	40,456	65,254	644,309
Total to date, 1936	18,724,611	1,146,268	1,967,437	21,838,314
Total to date, 1935	18,648,432	1,078,050	1,816,587	21,543,069
Increase or decrease in 1936	+ 876,179	+ 68,218	+ 150,850	+ 295,245
	+ 0-4%	+ 6-3%	+ 8-3%	+ 1-4%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	+ 5-6%	+ 7-2%	+ 8-1%	+ 5-8%

PROVINCIAL

(000's omitted)

No. of working days:	Week ended July 18		Month of June			Aggregate Totals January 1 to July 18	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
	£	£	24	25	— %	£	£
BIRMINGHAM	2,784	3,333	10,644	9,988	+ - 6·1	69,825	75,332
BRADFORD	691	657	3,288	3,582	+ 9·2	25,173	27,661
BRISTOL	1,173	1,245	4,636	4,905	+ 5·8	33,904	36,130
DUBLIN	4,787	4,974	2,885	3,221	+ 12·4	156,040	164,770
HULL	681	827	2,865	3,221	+ 12·4	20,951	23,404
LEEDS	905	1,164	3,414	3,455	+ 1·2	26,561	26,860
LIVERPOOL	600	794	2,583	2,802	+ 8·4	19,277	21,025
LIVERPOOL*	5,183	6,441	21,131	23,279	+ 10·1	166,874	173,442
MANCHESTER	9,278	9,744	37,864	39,719	+ 4·8	283,867	287,770
NEWCASTLE	1,183	1,209	5,806	5,336	- 8·0	39,797	37,066
NOTTINGHAM	434	514	1,924	1,808	- 6·0	13,583	14,638
SHEFFIELD	862	1,067	3,450	4,118	+ 19·3	24,707	28,412
	28,561	31,969	97,605	102,224	+ 4·7	880,539	916,678

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the Economist for November 9. Denmark, in June 18. Egypt, in June 27. Estonia, International Settlements, Spain and Portugal in July 11. Bulgaria, Greece, Java, Lithuania, Norway, Roumania, Danzig, Finland and Hungary in July 18.

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

	July 24, 1935	July 2, 1936	July 9, 1936	July 16, 1936	July 23, 1936
U.S.F.R. BANKS					
RESOURCES					
Gold Certificates on hand and due from the Treasury	6,226,000	8,108,540	8,108,570	8,186,520	8,185,320
Total cash reserves	6,513,250	8,385,730	8,390,120	8,468,720	8,490,950
Total bills discounted	265,500	266,240	271,010	287,850	293,440
Total bills on open market	4,670	3,080	3,080	3,980	3,090
Total bills on hand	10,780	7,300	6,380	5,980	6,480
Industrial advances	28,360	29,780	29,500	29,460	29,570
Total U.S. Govt. securities	2,430,230	2,430,230	2,430,230	2,430,230	2,430,230
Total bills and securities	2,468,380	2,467,490	2,468,290	2,468,850	2,468,480
Total resources	9,558,340	11,642,490	11,564,280	11,751,470	11,669,410
LIABILITIES					
Federal Reserve notes in actual circulation	3,242,240	4,046,090	4,040,330	4,006,010	3,976,860
Aggregate of excess member-bank reserves over requirements	—	2,870,000	2,880,000	2,920,000	2,990,000
Deposits—Member-bank	4,944,600	5,589,130	5,814,250	5,871,750	5,935,130
Government deposits	282,080	731,020	506,640	592,500	519,320
Total deposits	5,491,780	6,576,620	6,584,010	6,730,060	6,754,310
Capital paid in and surplus	312,810	302,960	303,000	301,840	301,800
Total liabilities	9,558,340	11,642,490	11,564,280	11,751,470	11,669,410
Ratio of total reserves to deposit and F.R. note liabilities combined	74-6%	78-9%	79-0%	79-0%	79-1%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	9,135,000	10,612,000	10,622,000	10,629,000	10,634,000
Treasury and National Bank Currency	2,503,000	2,498,000	2,498,000	2,496,000	2,497,000
LIABILITIES					
Money in Circulation	5,496,000	6,250,000	6,242,000	6,190,000	6,153,000
Treasury Cash and deposit with Federal Reserve Banks	3,134,000	3,282,000	3,015,000	3,021,000	2,955,000

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

	July 25, 1935	July 2, 1936	July 9, 1936	July 16, 1936	July 23, 1936
Total gold reserves	2,563,360	3,161,450	3,097,030	3,161,730	3,237,920
Total bills discounted	3,770	2,630	2,400	2,100	2,500
Bills bought in open market	1,790	1,090	1,100	1,100	1,110
Total U.S. Govt. securities	744,320	660,560	660,560	660,560	660,560
Total bills and securities	756,740	671,400	671,400	671,400	671,400
Deposits—Member-bank—reserve account	2,151,100	2,342,710	2,470,930	2,553,780	2,640,740
Ratio of total res. to dep. and Federal Res. note liabilities combined	79-2%	84-1%	83-8%	83-9%	84-3%

FEDERAL RESERVE REPORTING MEMBER BANKS*

	July 10, 1935	June 10, 1936	June 17, 1936	June 26, 1936	July 1, 1936	July 8, 1936
Loans	7,942	8,577	8,538	8,396	8,460	8,357
Investments	11,788	13,586	14,121	14,124	14,159	14,105
Reserve with Federal Reserve Bank	4,051	4,744	3,937	4,282	4,487	4,672
Due from banks	2,079	2,359	2,201	2,235	2,470	2,487
Demand deposits	13,038	14,577	14,431	14,563	14,679	14,690
Time deposits	4,976	5,033	5,032	5,059	5,011	4,999
Government deposits	363	742	852	846	839	836
Due to banks	5,024	6,093	5,828	5,904	6,445	6,510

* Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	July 10, 1935	June 22, 1936	June 29, 1936	July 6, 1936	July 13, 1936	July 20, 1936
ASSETS						
Gold and English sterling	15,994	15,999	15,999	15,999	16,004	16,004
Other coin, bullion and cash	6,433	6,618	6,632	6,171	6,594	6,598
Money at short call—London	17,800	22,635	21,018	18,790	17,932	19,236
Short-term loans	5,163	1,965	1,474	3,224	3,142	3,217
Securities	70,886	75,769	75,769	75,413	75,335	75,335
Discounts and advances	7,038	8,041	8,128	8,435	8,402	8,522
LIABILITIES						
Notes issued	47,044	47,044	47,044	47,038	47,038	47,038
Reserve premium on gold	3,898	7,753	7,753	7,753	7,753	7,753
Deposits	68,590	68,221	70,887	65,995	65,166	66,54

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.
(000's omitted)

Assets	July 15, 1935	June 23, 1935	June 30, 1935	July 7, 1935	July 15, 1935
Gold	2,692,641	2,697,664	2,697,286	2,697,550	2,698,279
Gold abroad and foreign currency	308,636	36,094	30,201	25,177	27,228
Discounts and advances	1,001,787	1,613,046	1,922,165	1,825,328	1,639,420
State notes debt balance	2,069,328	2,036,742	2,036,611	2,036,114	2,035,245
LIABILITIES					
Bank notes in circulation	5,542,761	5,323,845	5,701,104	5,698,418	5,443,954
Check account balances	827,471	948,553	851,145	713,735	774,105

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

Assets	July 15, 1935	June 30, 1935	July 8, 1935	July 15, 1935
Cash reserve	1,352,230	1,530,803	1,532,527	1,532,530
Gold at home and abroad	26,925	17,192	14,603	2,782
Foreign exchange	188,121	422,200	431,371	430,681
Other foreign exchange	1,771,767	1,606,169	1,606,112	1,598,408
Bills and advances against security	1,691,621	1,660,877	1,660,927	1,660,965
Government advances	4,424,424	4,833,480	4,819,865	4,780,080
Notes in circulation	1,360,552	1,615,596	1,641,655	1,658,682
Sight deposits	273,650	50,000	50,000	50,000
Time deposits				

CENTRAL BANK OF TURKEY.—In ₺ (000's omitted)

Assets	June 6, 1936	June 13, 1936	June 20, 1936	June 27, 1936	July 4, 1936
Gold	30,200	30,200	30,205	30,205	30,205
Foreign exchange	20,231	20,322	19,797	10,539	10,885
Treasury bonds	146,684	146,684	146,841	146,684	146,684
Bills	11,796	11,790	10,700	10,518	11,284
Securities	38,705	38,588	38,591	38,592	38,594
Advances	6,994	6,876	16,499	17,265	17,006
LIABILITIES					
Note Circulation					
Ordinary	146,684	146,684	146,684	146,684	146,684
Supplementary	16,000	16,000	16,000	16,000	16,000
Deposits	14,607	15,096	15,012	17,256	14,320
Foreign Exchange Liabilities	25,924	25,663	26,974	27,174	28,269
Miscellaneous	56,441	56,156	55,255	55,637	55,269

* Includes outstanding clearing balances.

BANK OF POLAND.—In zloty (000's omitted).

Assets	July 10, 1935	June 10, 1935	June 20, 1935	June 30, 1935	July 10, 1935
Gold	510,698	374,638	370,101	370,463	365,298
Foreign exchange and balances	17,067	5,579	7,183	10,033	10,033
Loans discounted	644,120	653,776	642,412	639,934	631,166
Loans against securities	48,300	118,254	114,171	142,731	130,391
Treasury bonds discounted	48,207	49,834	48,790	55,728	55,619
Securities	41,545	91,538	108,724	108,831	108,950
LIABILITIES					
Notes in circulation	931,723	1,017,273	983,797	1,018,621	991,094
Deposits	212,752	153,094	184,744	173,007	192,068

BANK OF LATVIA.—In lats (gold francs) (000's omitted)

Assets	July 15, 1935	June 15, 1935	June 22, 1935	June 29, 1935	July 6, 1935	July 13, 1935
Gold coin and bullion	46,361	46,409	46,408	46,410	46,410	46,411
Silver coin	16,336	15,803	15,751	15,944	15,992	16,171
Balance abroad	3,639	8,093	8,048	8,498	8,029	7,919
Treas. notes and small change	14,126	12,730	11,852	13,014	13,626	14,223
Short-term bills	55,182	51,326	51,451	50,968	50,907	50,731
Loans against securities	64,315	60,674	60,597	60,604	63,791	62,777
LIABILITIES						
Notes in circulation	33,631	36,198	36,773	35,954	35,397	34,529
Deposits	20,167	20,705	20,582	20,615	20,596	20,519
Current accounts	92,513	86,794	87,503	88,376	91,775	90,968
Government accounts	42,345	46,570	44,594	44,792	46,422	46,268

BANK OF JAPAN.—In yen (000's omitted)

Assets	June 29, 1935	June 6, 1935	June 13, 1935	June 20, 1935	June 27, 1935
Gold coin and bullion	482,018	520,394	521,917	522,504	523,875
Other coin and bullion	44,415	61,358	63,527	66,601	66,148
Discounts	550,253	536,667	536,121	543,184	548,294
Advances	116,113	176,807	177,346	178,311	180,937
Advances on foreign bills	94,812	29,999	29,999	69,545	87,302
Government bonds	578,698	512,989	455,861	450,355	545,355
LIABILITIES					
Notes	1,376,246	1,257,165	1,208,857	1,284,612	1,438,798
Government deposits	223,191	326,774	332,588	307,382	259,622
Other deposits	104,546	65,020	75,208	65,059	72,238

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	July 16, 1936	July 17, 1936	July 18, 1936	July 20, 1936	July 21, 1936	July 22, 1936	July 23, 1936
Bank rate (changed from 2½% June 30, 1932).....	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous weeks—

		Bank Bills			Trade Bills		
Short Loans		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1936	%	%	%	%	%	%	%
June 25	1-1	1-1	1-1	1-1	2-2 1/2	2-2 1/2	2-1 3/4
July 2	1-1	1-1	1-1 1/2	1-1 1/2	2-2 1/2	2-2 1/2	2-1 3/4
" 9	1-1	1-1 1/2	1-1 1/2	1-1 1/2	2-2 1/2	2-2 1/2	2-1 3/4
" 16	1-1	1-1 1/2	1-1 1/2	1-1 1/2	2-2 1/2	2-2 1/2	2-1 3/4
" 23	1-1	1-1 1/2	1-1 1/2	1-1 1/2	2-2 1/2	2-2 1/2	2-1 3/4

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch.	July 17, 1936	July 18, 1936	July 20, 1936	July 21, 1936	July 22, 1936	July 23, 1936
New York \$	4.84	5.02½-02½	5.02½-03½	5.03-03½	5.02½-03½	5.02½-02½	5.01½-02½
Montreal \$	4.84	5.03-03½	5.03-03½	5.03-03½	5.02½-03½	5.02½-03	5.02-03
Paris, Fr.	124.21	75½-76	75½-76	75½-76	75½-76	75½-76	75½-76
Brussels, Bel.	35.00½	29.71-75	29.73-76	29.75-79	29.74-77	29.72-77	29.73-77
Milan, L.	92.46	63½-64	63½-64	63½-64	63½-64	63½-64	63½-64
Zurich, Fr.	25.22	15.33-36	15.35-37	15.35-39	15.35-38	15.35-37	15.35-37
Athens, Dr.	375	528*	528*	528*	528*	528*	528*
Hel'sfors, M.	193.23	226½-227½	226½-227½	226½-227½	226½-227½	226½-227½	226½-227½
Madrid, Ptas.	25.22½	36½-37	36½-37	36½-37	36½-37	36½-37	36½-37
Lisbon, Esc.	110	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½
Amst'd'm, Fl.	12.107	7.37-38½	7.37½-38½	7.37½-38½	7.38-39	7.38-39½	7.38-39
Berlin, Mk.	20.43	12.44-47	12.45-47	12.44-48	12.44-47	12.44-48	12.44-48
Vienna, Sch.	34.584	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½
Bu'pest, Pen.	27.82	26-28	26-28	26-28	26-28	26-28	26-28
Prague, Kc.	164½	120½-121½	120½-121½	120½-121½	120½-121½	120½-121½	120½-121½
Dan'ig, Lit.	25.00	26½-27	26½-27	26½-27	26½-27	26½-27	26½-27
Warsaw, Zl.	43.88	26½-27	26½-27	26½-27	26½-27	26½-27	26½-27
Riga, Lat.	125.22	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½
Buchar'st, Lei	813.8	624*	624*	624*	624*	624*	624*
Const'ple, Pst.	110	628*	628*	628*	628*	628*	628*
Belgrade, Din	276.32	214-224	214-224	214-224	214-224	214-224	214-224
Kovno, Lit.	48.68	291-301	291-301	291-301	291-301	291-301	291-301
Sofia, Lev.	673.66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18.156	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Oslo, Kr.	18.156	19-20	19-20	19-20	19-20	19-20	19-20
Stockholm, Kr.	18.156	19-20	19-20	19-20	19-20	19-20	19-20
Cop'h'gen, Kr.	18.156	22-25	22-25	22-25	22-25	22-25	22-25
Alex'dria, Pst.	87½	18½-19	18½-19	18½-19	18½-19	18½-19	18½-19
Br. India Rup	18½	14-14½	14-14½	14-14½	14-14½	14-14½	14-14½
Hong Kong, \$	15½	14-14½	14-14½	14-14½	14-14½	14-14½	14-14½
Kobe, Yen.	24.584	14-14½	14-14½	14-14½	14-14½	14-14½	14-14½
Shanghai, \$	28½	28½-29	28½-29	28½-29	28½-29	28½-29	28½-29
Singapore, \$	12.11	7.32½-35	7.33-35	7.33-35	7.33-35	7.33-35	7.33-35
Batavia, F.	15.899	21-22	21-22	21-22	21-22	21-22	21-22
Rio, Mil.	15.899	21-22	21-22	21-22	21-22	21-22	21-22
B. Aires, \$	11.46	18-20	18-20	18-20	18-20	18-20	18-20
Valparaiso, \$	11.46	18-20	18-20	18-20	18-20	18-20	18-20
M'video, \$	51d	24-24½	24-24½	24-24½	24-24½	24-24½	24-24½
Lima, Sol.	17.88	20-20	20-20	20-20	20-20	20-20	20-20
Mexico, Psa.	9.76	17-18	17-18	17-18	17-18	17-18	17-18
Manila, Psa.	24.66d	23½-24	23½-24	23½-24	23½-24	23½-24	23½-24
Moscow, Rbls	25½m	25½m	25½m	25½m	25½m	25½m	25½m
B'ghok, Ralt	21-22d	22-22½	22-22½	22-22½	22-22½	22-22½	22-22½

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 Pence per unit of local currency. * Par \$ 23½ since dollar devaluation on February 1, 1934.
 † Par 197.104 since koruna devaluation on February 17, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Par cent. discount.
 (d) Latest "export" rate. (e) Average remittance rate for exporters. (f) Official rate is \$15 sellers.
 (g) Average remittance rate for importers. Rate for payments to the Bank of England:—(i) For account Controller of Anglo-Italian debts; (j) Under Anglo-Spanish Agreement; (k) Under Anglo-Turkish Agreement. (l) Nominal. (m) As from April 2, 1936, 1 Rouble equals 3 French francs. * Sellers.

II.—Forward Rates (Closing quotations)

London on	July 17, 1936	July 18, 1936	July 20, 1936	July 21, 1936	July 22, 1936	July 23, 1936
New York, cent.	1 Month (a) 1½-1½	1 Month (b) 1½-1½	1 Month (c) 1½-1½	1 Month (d) 1½-1½	1 Month (e) 1½-1½	1 Month (f) 1½-1½
Paris, frs.	1 Month (a) 1½-1½	1 Month (b) 1½-1½	1 Month (c) 1½-1½	1 Month (d) 1½-1½	1 Month (e) 1½-1½	1 Month (f) 1½-1½
Amsterdam, cent.	1 Month (a) 1½-1½	1 Month (b) 1½-1½	1 Month (c) 1½-1½	1 Month (d) 1½-1½	1 Month (e) 1½-1½	1 Month (f) 1½-1½
Brussels, cent.	1 Month (a) 1½-1½	1 Month (b) 1½-1½	1 Month (c) 1½-1½	1 Month (d) 1½-1½	1 Month (e) 1½-1½	1 Month (f) 1½-1½
Geneva, cent.	1 Month (a) 1½-1½	1 Month (b) 1½-1½	1 Month (c) 1½-1½	1 Month (d) 1½-1½	1 Month (e) 1½-1½	1 Month (f) 1½-1½
Milan, lire.	1 Month (a) 1½-1½	1 Month (b) 1½-1½	1 Month (c) 1½-1½	1 Month (d) 1½-1½	1 Month (e) 1½-1½	1 Month (f) 1½-1½

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

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

OVERSEAS BANK RATES

Changed From To	July 15, 1936	July 16, 1936	July 17, 1936	July 18, 1936	July 19, 1936	July 20, 1936	July 21, 1936	July
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The following statistics show the outputs, &c. of the individual mines:—

Note.—Value of gold calculated at £6 18s. 6d. per ounce in all cases.

The Johannesburg Group	Tons milled, June, 1936	Estimated Value, June, 1936		Estimated Profit, including Sundry Revenue, June, 1936	May, 1936 Profit at £6/19/6 per fine ounce
		Gross	Per ton		
Government Areas..... (Modderfontein)	216,000	455,005	s. d. 42 2	s. d. 17 4	£ 270,158
Langlaagte Estate	93,000	106,293	22 10	17 5	27,085
New State Areas	123,000	264,678	43 0	18 2	154,157
Randfontein Estates	384,000	466,251	24 3	16 7	151,333
Van Ryn Deep	103,000	139,365	27 1	18 0	47,104
Witwatersrand	86,000	91,941	21 5	18 11	12,011
Totals	1,005,000	1,523,593	...	17 4	661,012

Anglo-American Corporation Group	Tons Milled, June, 1936	Total Revenue, June, 1936	Working Costs, June, 1936	Profit, April, 1936	Profit, May, 1936	Profit, June, 1936
Brakpan Mines, Ltd.	132,000	240,452	136,221	104,029	104,130	104,231
Daggafontein Mines, Ltd. ...	127,000	262,503	137,299	122,385	126,001	125,204
Springs Mines, Ltd.	141,100	299,245	132,278	186,018	167,302	166,989
West Springs, Ltd.	102,500	107,053	73,986	33,016	33,118	33,067

The Central Mining Company Rand Mines Group	Tons Crushed, June, 1936	Yield in Fine Gold, June, 1936	Value, June, 1936	Profit, June, 1936	Working Cost per ton, June, 1936
City Deep, Ltd.	106,000	19,889	£ 137,524	£ 21,467	s. d. 21 10-8
Consolidated Main Reef Mines and Estate, Ltd.	150,000	30,155	208,619	53,218	20 8-7
Crown Mines, Ltd.	353,000	84,013	582,428	257,413	18 5-0
Durban Roodepoort Deep, Ltd. ...	84,000	17,789	123,083	21,834	24 1-3
East Rand Proprietary Mines, Ltd. ...	204,000	45,115	312,847	94,337	21 5-1
Goldenhuis Deep, Ltd.	59,000	9,591	66,503	12,055	18 5-5
Modderfontein B. Gold Mines, Ltd. ...	86,000	15,055	104,568	43,731	14 1-8
Modderfontein East, Ltd.	102,000	21,175	146,775	50,095	18 11-5
New Modderfontein Gold Mining Co., Ltd.	195,000	42,217	292,811	154,088	14 2-7
Nourse Mines, Ltd.	80,500	17,068	118,095	26,513	22 9-0
Rose Deep, Ltd.	69,000	12,395	85,953	14,130	20 9-8

Goldenhuis Deep, Ltd.—The decreases in tonnage and profit are due to the collapse No. 2 Shaft as reported in the Press on May 14th.

General Mining Group	Tons Milled, June, 1936	Total Revenue, June, 1936	Estimated Costs per ton, May, 1936	Profit, April, 1936	Profit, May, 1936	Profit, June, 1936
Van Ryn Gold Mines	61,000	£ 64,960	s. d. 16 10	£ 14,083	£ 14,012	£ 24,484†
West Rand Consolidated	164,000	227,907	16 1	98,000	98,011	98,010

† including £10,432 Farm and Estate Revenue.

Goldfields Group	Tons crushed, June, 1936	Yield, June, 1936	Value, June, 1936	Profit, May, 1936	Working Cost per ton, June, 1936	Profit, June, 1936
Simmer and Jack Mines	64,000	Fine ozs. 14,814	£ 102,589	£ 23,062a	s. d. 30 10-4	£ 4,017b
Robinson Deep	102,000	25,822	178,228	77,940	20 2-5	75,283
Sub Nigel	56,500	41,543	288,589	195,248	32 11-1	195,587

(a) The decrease in profit is due to the loss of tonnage as a result of a severe pressure burst.
(b) Operations still affected by shaft repairs.

Union Corporation Group	Tons crushed, June, 1936	Yield, June, 1936	Value, June, 1936	Profit, April, 1936	Profit, May, 1936	Profit, June, 1936
East Geduld Mines	117,000	Fine ozs. 34,517	£ 238,780	£ 129,732	£ 129,475	£ 133,521
Geduld Proprietary Mines	107,000	27,934	194,417	117,144	120,090	118,949
Modderfontein Deep Levels	49,500	8,395	58,399	21,635	21,075	21,019

Other Companies	Tons Milled, June, 1936	Total Revenue, June, 1936	Working Costs, June, 1936	Profit, April, 1936	Profit, May, 1936	Profit, June, 1936
Glynn's Lydenburg	8,500	£ 18,467†	s. d. 31 4-6	£ 5,151	£ 5,119	£ 5,130
Lupaards Vlei Estate	46,000	67,748	21 4	19,781	20,938	19,371
New Kleinfontein Co.	66,400	83,593	18 9	21,323	24,458	21,234
Transvaal Gold Mining	24,100	31,112	20 4-8	7,040	7,014	6,531
Witwatersrand Deep	53,000	67,280	...	12,040	12,153	12,017

† calculated at £6 17s. 6d per fine ounce.

WORKING PROFIT, TRANSVAAL.—The total estimated working profit of the gold mines of the Transvaal for the month of May, 1936, amounted to: Witwatersrand, £2,639,057; outside districts, £12,133; total, £2,651,190. The estimated working profit in April, 1936, was: Witwatersrand, £2,601,173; outside districts, £12,191; total, £2,613,364.

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash		Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Dividend for Whole Years	
	Interim or Final	Final div.				Latest Year	Previous Year
BANKS							
Bank of Montreal	\$2 p.s.	Sept. 1	Same	...	...	...	...
TEA AND RUBBER							
Beaufort Borneo Rubber	...	...	...	...	2	3½	...
Eastern International Rubber	...	July 31	...	...	2½	2½	...
Martapoera Rubber	...	Aug. 10	...	...	2½	3	...
Semenyih Rubber	7½%	Aug. 10	...	...	10	10	...
MINING							
Amalgamated Banket Areas	5½%	Sept. 2	First	...	...	...	...
Chosen Corporation	1½ p.s.	...	...	...	10	10	...
Glynn's Lydenburg	7½%	Aug. 13	7½%	...	17½	10	12½
Gold Fields Rhodesian Developmt. ..	1½ p.s.	Aug. 10	...	...	10	...	...
Ipoh Tin	4½ d. p.s.	July 20	...	...	...	...	...
Mount Morgan	15½%	Aug. 5	7½%	...	10½	10½	...
Petaling Tin	...	July 30	...	...	10½	10½	...
Phoenix Mining and Finance	6d. p.s.	July 31	Same	...	1½ p.s.	6d. p.s.	...
Rambutan	3d. p.s.	Sept. 12	Same	...	1½ p.s.	1½ p.s.	...
Tekka Taiping	3d. p.s.	Aug. 8	Same	...	...	...	...
Tekka (P)	...	...	...	...	...	...	...
OTHER COMPANIES							
Alpha Cement	5½%	Aug. 15	4½%	...	...	...	...
Anglo-American Telegraph Ord.	15½ p.s.	Aug. 1	Same	...	...	...	...
Do. Preferred	30½ p.s.	Aug. 1	Same	...	...	...	...
Armstrong Shock Absorbers	15½%	...	...	...	20	7½	...
Associated Breweries	5½%	...	4½%	...	15	15	...
Benn Bros. Ord.	10½%	...	Same	...	3½ p.s.	3½ p.s.	...
Do. Defd.	2½ p.s.	Sept. 16	Same	...	...	...	...
Bournemouth Electric	6½%	Sept. 16	Same	...	...	...	...
Brewery and Commercial Invest-ment Trust	8½%	Aug. 15	Same	...	12	12	...
British Steamship Investment	5½%	...	Same	...	5	5	...
City Property Investment Trust	5½%	...	Same	...	...	...	...
Clapton Stadium	12½%	July 31	Nil*	...	...	...	...
Commercial Gas	2½%	Aug. 15	Same	...	...	...	...
Continental and Industrial Trust ..	3½%	July 31	3½%	...	5	4½	...
County of London Electric	3½%	Sept. 30	Same	...	...	...	...
Crosley Building Engines	3½%	Sept. 11	4½%	...	10(a)	...	...
Crosley Premier Engines	3½%	...	Same*	...	6½	6½	...
Dublin Artizans' Dwellings	4½%	...	Same	...	...	...	...
Edinburgh, etc., Investment	4½%	...	Same	...	...	...	...
Enfield Cable	10½%	...	Same	...	...	...	...
Ferrier, Pollock and Co.	12½%	July 27	Same	...	...	...	...
General Consolidated Investment ..	2½%	Aug. 31	Same	...	...	...	...
General Hydraulic Power	5½%	Aug. 1	Same	...	...	...	...
Gossard	10½%	...	Nil	...	...	...	...
Greyhound Racing Trust Ord.	10½%	...	...	...	...	...	...
Hoffnung (S.) and Co.	3½%	Aug. 18	...	...	5	Nil	...
Ilovo Sugar	3½%	Aug. 27	7½%	...	12	12½	...
London and Co.	6½%	July 31	Same	...	...	...	...
J. Darnell and Sons	5½%	Aug. 6	Same	...	...	...	...
Jones Sewing Machine	3½%	...	Same	...	6	6	...
London and Lomend Investment ..	2½%	Sept. 1	...	...	...	...	...
London Cemetery	5½%	Aug. 1	Same	...	...	...	...
Machinery (Smith's Patents)	2½%	July 31	First	...	20	12½	...
Manchester Palace of Varieties	7½%	Aug. 1	Same	...	...	...	...
Marshall (Thomas), Marlbeck	6½%	...	...	...	11½	10½	...
McNamara and Co. (12½)	4½ d. p.s.	July 27	16d. p.s.	...	...	...	...
Mather and Platt	4½%	...	3½%	...	...	...	...
Metropolitan Trust	5½%	July 31	Same	...	...	...	...
Midland Trust	...	...	...	...	5	5	...
Milners Safe	25½%	...	10½%	...	35	20	...
Neopend Steel and Tool	...	...	...	...	2½	Nil	...
Nuttall's Breweries	7½%	Aug. 13	Same	...	...	...	...
Outram (George) and Co.	5½%	July 25	Same	...	...	...	...
Property and Reversionary Invest-ment Trust	5½%	Aug. 4	Same	...	...	...	...
Quagline's	2½%	...	...	...	...	...	...
Reid's Rubber Works	2½%	Sept. 16	4½%	...	...	...	...
Richmond (Surrey) Electric	2½%	...	Nil*	...	...	...	...
Scottish United Investors	5½%	...	Same	...	7½	7½	...
Sharpe (Charles) and Co.	5½%	...	Same	...	10	10	...
Sheffield Pure Ice	4½%	Aug. 5	Same	...	...	...	...
South African Distilleries	4½%	...	...	...	...	...	...
South British Investment	4½%	...	...	...	...	...	...
South London Electric	3½%	Sept. 30	Same	...	...	...	...
South Metropolitan Gas	2½%	...	Same	...	...	...	...
Squirrel Chocolate (5% Cum Pref.) ..	20%	...	...	...	...	...	...
Strand Electric Holdings	9½%	...	8½%	...	17	16	...
Threlfall's Brewery	5½%	Sept. 1	Same	...	...	...	...
Tilling and British Auto. Tract.	7½%	July 30	5½%	...	...	...	...
Timpson (William)	3½%	Aug. 11	Same	...	...	...	...
Tottenham Gas	2½%	...	...	...	...	...	...
Town Investments	2½%	Aug. 15	Same	...	...	...	...
United States and General Trust ..	5½%	...	50½%	...	...	...	...
Vauxhall Motors	2½%	Aug. 28	Same	...	...	...	...
Vickers 5% Preferred Stk.	2½%	Aug. 28	Same	...	...	...	...
Do. 5% Pref. Stk.	12½%	Aug. 28	Same	...	...	...	...
Wankie Colliery	5½%	Aug. 17	Same	...	...	...	...
Westminster Chambers	2½%	Aug. 15	Same	...	...	...	...
Wharfedale Silkstone Colliery	...	...	Nil*	...	...	...	...

(a) Nine months. (b) Free of income tax.
(c) Equivalent to 4 per cent. on old capital. (d) Equal to 66½ per cent. on old capital.

OFFER TO NEW READERS

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

To The Publisher, "The Economist Newspaper Ltd.,"

8 Bouverie Street, E.C.4.

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

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Address.....

MANCHESTER SHIP CANAL COMPANY.—The traffic receipts for the month of June, 1936, amounted to £106,191, against £108,365 (adjusted) in June last year, a decrease of £2,174. The traffic receipts for the half-year ended June 30, 1936, amounted to £650,965, as compared with £625,444 (adjusted) for the corresponding period of last year, an increase of £25,521. The net revenue of the whole undertaking for the half-year (after providing for interest and fixed charges) was £6,780 more than the corresponding half-year in 1935.

ELECTRICAL INDUSTRIES TRUST.—The General Accident Fire and Life Assurance Corporation, Ltd., trustees to certificate holders, announce a distribution of 3.2d. per unit, free of income tax, representing income received during 14 weeks ended June 30, 1936. Carry forward to the next half-year of 0.135d. per unit, free of income tax.

TURKISH DEBT 7½ PER CENT. 1935 AND 1936.—The Council of the Repartitioned Public Debt of the former Ottoman Empire informs holders that the Turkish Government has paid in Turkish pounds the monthly instalment for June, 1936, fixed by the contracts. The Turkish Government has transferred into French francs that part of this monthly instalment equal to one-fifth of the 50 per cent. of the sum payable in foreign exchange at the next due date, as laid down in the Agreement between the French Government and the Turkish Government, of which holders were notified in the Council's communication of May 4, 1936.

NATIONAL FIXED TRUST.—The sixth income distribution on National Fixed Trust certificates, Unit "B," for the period January 16, 1936, to July 15, 1936, will be paid to certificate holders registered as at July 15th at the rate of 8.9083d. net per sub-unit on August 15th.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefer.	Ordinary					
					Amount	Amount	Rate				
Banks		£	£	£	£	£	%	£	£	£	%
Bank of New Zealand	Mar. 31	348,138	515,962	864,100	150,000	375,000	10	...	339,100	529,529	10
Hibernian Bank	Dec. 31*	22,820	40,597	63,417	...	27,500	11	10,000	25,917	40,396	11
National Bank of Australasia	Mar. 31	157,510	294,404	451,914	...	262,500	5½	30,000	159,414	275,591	5
Breweries											
Nuttall's Breweries	June 30	1,945	65,672	67,617	42,000	10,000	2½	13,483	2,134	55,639	Nil
South African Distilleries	June 30	386	160,919	161,305	41,250	100,000	10	19,000	1,055	138,051	9
Threfalls Brewery	June 30	339,574	322,862	662,436	137,009	123,259	17	62,336	339,832	295,745	16
Financial Land, etc.											
Brazilian Warrant Agency...	Dec. 31	41,995	7,059	34,936	35,000	...	...	Dr. 25,000	24,936	50,553	4
Central Commercial Prop ...	June 30	7,460	34,419	41,879	10,762	9,775	15	13,485	7,857	29,999	12½
City of Aberdeen Land	June 30	1,739	12,618	14,357	1,669	10,737	20	500	1,451	10,539	18½
City of San Paulo Imprnts.	Feb. 29	170,090	80,158	250,248	...	...	...	...	250,248	Dr. 6,597	Nil
Finance and Indus. Trust....	June 30	Dr. 3,373	14,824	11,451	11,075	...	...	...	376	1,394	Nil
McDougalls Trust	June 30	16,587	175,976	192,563	50,000	96,383	7½	...	46,180	178,344	5
Strand Electric Holdings ...	July 11	...	(a) 8,307	8,307	...	7,015	8	...	1,292	(b)	(b)
Trading Investment Co.	June 30	364	16,108	16,472	11,650	3,058	2	1,500	264	(b)	(b)
Ultra Electric (Holdings)...	July 16	...	9,240	9,240	...	9,150	6	...	90	(b)	(b)
United City Property Trust	June 30	9,106	22,669	31,775	7,928	10,793	7½	5,000	8,054	(d)28,420	7½
Hotels, Restaurants, etc.											
Hyde Park Hotel	Apr. 30	...	Dr. 1,439	Dr. 1,439	...	...	...	Dr. 1,439	...	Dr. 9,723	Nil
Iron, Coal and Steel											
Avery (W. and T.).....	Mar. 31	60,483	149,601	210,084	11,565	98,764	15	37,363	62,392	124,087	15
Consett Iron	Mar. 31	56,735	399,753	456,488	...	...	...	350,000	106,488	262,328	Nil
Crossley Brothers	Apr. 30	25,751	49,249	75,000	20,169	...	...	26,428	28,403	9,235	Nil
Crossley-Premier Engines ...	Apr. 30	...	(c) 30,540	30,540	4,125	12,500	13½	10,000	3,915	(b)	(b)
Head, Wrightson and Co.	Apr. 30	2,572	45,056	47,628	10,148	...	...	20,000	17,480	22,853	Nil
Rubber											
Anglo-Java	Mar. 31	13,158	45,676	58,834	...	26,047	2½	8,872	23,915	81,987	2½
Chembong (Malay).....	Mar. 31	11,726	8,868	20,594	...	8,518	2½	3,000	9,076	8,558	4
Cicely	Mar. 31	11,278	9,467	20,745	660	8,006	6	...	12,079	17,034	10
Craigielea.....	Mar. 31	12,134	17,632	29,766	...	14,794	5	...	14,972	16,735	5
Djapoera	Mar. 31	...	2,491	2,491	...	975	1½	1,321	195	(b)	(b)
East Asiatic	Mar. 31	13,386	44,962	58,348	...	40,000	5	...	18,348	45,223	5
Kawie (Java)	Mar. 31	6,691	11,965	18,656	...	3,750	5	4,500	10,406	8,967	7½
Kuala Muda	Mar. 31	716	9,305	10,021	...	...	...	6,300	3,721	18,247	Nil
Lambak	Mar. 31	15,277	10,505	25,782	...	8,000	5	2,000	15,782	8,464	5
Laras (Sumatra)	Mar. 31	27,962	18,078	46,040	...	...	...	6,700	39,340	20,106	Nil
Malayan	June 30	2,235	589	2,824	...	...	...	295	2,529	Dr. 279	Nil
Malay United	Mar. 31	Dr. 6,322	1,323	Dr. 4,999	...	...	...	...	Dr. 4,999	655	Nil
Martapoera	Mar. 31	3,782	2,460	6,242	...	1,828	2½	1,011	3,403	4,818	3
Padang Jawa	Mar. 31	1,230	156	1,386	...	...	...	...	1,386	1,320	2½
Sungei Bahru	Mar. 31	Dr. 4,381	4,118	Dr. 263	...	...	...	...	Dr. 263	2,258	Nil
Sungei Tiram	Mar. 31	202	1,326	1,528	...	1,358	2½	...	170	4,088	Nil
Yam Seng	Mar. 31	2,138	9,426	11,564	...	4,877	7½	4,169	2,518	5,940	7½
Shipping											
Furness Withy and Co.	Apr. 30	203,133	415,310	618,443	57,656	...	...	350,000	210,787	395,082	Nil
Tea											
Ceylon Amalgamated.....	Mar. 31	Dr. 26,722	Dr. 1,764	Dr. 28,486	...	...	...	...	Dr28,486	Dr. 3,188	Nil
Textiles											
Melso, Ltd.	June 30	3,088	9,430	12,518	5,041	1,716	6	...	5,761	6,220	4
Trusts											
Ailsa Investment	May 31	20,224	24,311	44,535	17,578	3,488	1½	5,788	17,681	21,466	Nil
British Steamship Invest.	June 30	288,424	87,350	375,774	13,913	69,525	5	...	292,336	84,099	5
Continental and Industrial	May 31	100,186	93,829	194,015	42,281	38,312	5	10,000	103,422	87,270	4
Grange Trust	May 31	20,374	24,552	44,926	14,688	5,828	2	10,000	14,410	23,715	1½
London Electrical & General	June 30	12,253	20,178	32,431	10,654	6,318	5	...	15,459	16,073	5
Waterworks											
Cleveland Water.....	June 30*	8,656	4,496	13,152	...	3,400	{ 10A 7B }	...	9,752	4,005	{ 10A 7B }
Other Companies											
Allied Bakeries	June 30	(e) ...	9,443	9,443	2,626	...	...	2,690	4,127	(b)	(b)
Bolton (Thomas) and Sons...	Mar. 31	15,501	98,287	113,788	...	37,500	7½	59,257	17,031	76,386	7½
Coronet Brick	Feb. 29	1,185	1,956	3,141	...	...	...	...	3,141	4,270	4
Decca Record	Mar. 31	Dr147,420	2,151	Dr145,269	...	...	...	...	Dr145269	1,363	Nil
Gloucester Railway Carriage	May 31	5,197	2,472	7,669	...	...	...	...	7,669	1,635	Nil
Griffiths Hughes Propts. ...	June 30	518	249,627	250,145	42,281	201,094	17½	...	6,770	246,581	17½
Hollychrome Bricks	May 31	953	21,481	22,434	...	16,500	15	5,000	934	19,124	5½
Manchester Dock and Whse.	June 24	2,001	34,447	36,448	17,789	14,375	5½	1,906	2,378	34,390	5½
Manchester Ship Canal Whg.	June 24	2,404	10,484	12,888	4,901	4,609	6	705	2,673	9,556	6
McDougalls, Ltd.	Mar. 31	26,269	208,044	234,313	32,000	170,000	50	4,181	28,132	239582	52
Tilbury Contracting, etc. ...	Mar. 31	31,351	129,242	160,593	...	70,000	17½	51,565	39,028	119,050	17½
Totalisators, Ltd.	Dec. 31	1,625	26,565	28,190	8,618	...	...	12,499	7,073	Dr. 6,739	Nil
YorkshireAmalgamated Pds.	Mar. 31	6,497	11,536	18,033	...	4,863	5	5,736	7,434	12,390	6

SUMMARY OF BALANCE SHEETS

MIDLAND BANK LIMITED

The following is a summary of the figures given in the statement of accounts of the Midland Bank, Ltd., made up on June 30, 1936, in comparison with the position shown by the bank on December 31, 1935, and June 30, 1935.

	June 30, 1935	Dec. 31, 1935	June 30, 1936
LIABILITIES			
Capital paid up	14,248,012	14,248,012	14,248,012
Reserve fund	11,500,000	11,500,000	11,500,000
Current, deposit and other accounts (including profit balance)	416,016,090	443,655,177	467,452,184
Acceptances and confirmed credits on account of customers	9,899,950	10,987,614	10,183,313
Engagements on account of customers	6,216,184	6,718,097	6,879,838
	457,880,236	487,108,900	510,263,347
ASSETS			
Coin, bank notes and balances with the Bank of England	39,346,169	48,695,719	43,026,530
Balances with, and cheques in course of collection on other banks in Great Britain and Ireland	16,701,189	17,634,489	18,379,183
Money at call and short notice	26,134,158	26,710,876	26,553,574
Investments	127,109,745	111,464,862	120,990,284
Bills discounted	23,104,871	29,573,494	21,102,902
British Treasury bills	19,502,863	39,691,499	52,863,844
Advances to customers and other accounts	171,252,123	177,120,890	191,659,141
Liabilities of customers for acceptances, confirmed credits and engagements	16,116,134	17,705,711	17,063,151
Bank premises	9,402,136	9,239,896	9,145,811
Other properties and work in progress for extension of the business	1,038,105	942,559	950,022
Shares in Yorkshire Penny Bank, Ltd.	750,000	750,000	750,000
Capital, reserve and undivided profits of Belfast Banking Co., Ltd.; The Clydesdale Bank, Ltd.; North of Scotland Bank, Ltd.; Midland Bank Executor and Trustee Co., Ltd.	7,422,743	7,578,905	7,578,905
	457,880,236	487,108,900	510,263,347
Contracts running for sale of foreign currencies, covered by purchases to a corresponding amount	14,688,336	10,283,276	12,066,590

GUARANTY TRUST COMPANY OF NEW YORK

RESOURCES	June 30, 1936	LIABILITIES	June 30, 1936
Cash	443,872,937	Capital	90,000,000
Bullion abroad and in transit	5,439,331	Surplus fund	170,000,000
U.S. Government obligations	818,381,832	Undivided profits	7,849,440
Public securities	44,380,598	Dividend payable July 1, 1936	2,700,000
Stock of the Federal Reserve Bank	7,800,000	Miscellaneous accounts payable, accrued interest, taxes etc.	22,547,310
Other securities	25,982,308	Acceptances	33,508,429
Loans and bills purchased	558,034,495	As endorser on acceptances and foreign bills	6,945,214
Items in transit with foreign branches	4,782,154	Agreements to repurchase securities sold	915,729
Credits granted on acceptances	33,508,430	Deposits	1,545,500,496
Bank buildings	13,413,434	Outstanding Checks	93,102,502
Other real estate	357,704		
Real estate bonds and mortgages	2,481,282		
Accrued interest and accounts receivable	14,454,815		
	1,972,869,120		1,972,869,120

OIL OUTPUTS

ANGLO-IRANIAN OIL COMPANY, LTD.—Production in Iran for the month of May amounted to 768,000 tons, making a total of 3,366,000 tons for the first five months of 1936.

LOBITOS OILFIELDS, LTD.—The production of the Peruvian company for May is cabled as 27,405 tons.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended July 11th: Venezuela, 20,221 barrels; Trinidad, 24,524 barrels; total, 44,745 barrels. Production for June: Venezuela, 85,712 barrels; Trinidad, 97,966 barrels; total, 183,678 barrels. Deliveries for June: Venezuela, 76,325 barrels; Trinidad, 106,697 barrels; total 183,002 barrels. Production for the week ended July 18th: Venezuela, 18,660 barrels; Trinidad, 23,664 barrels; Total, 42,324 barrels.

PHOENIX OIL AND TRANSPORT COMPANY, LTD.—Production for June, 1936: The gross production of crude oil of the Phoenix group for June was 83,787 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended June 20, 1936, was 510,000 barrels. Production for the week ended July 4, 1936, was 541,000 barrels. Production for the week ended July 11, 1936, was 547,000 barrels.

TAMPICO OIL, LTD.—The total production from the company's properties in Mexico during May was 11,216 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 842 barrels. The total production from the company's properties in Mexico during June was 11,153 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 836 barrels.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during April, 38,840 tons; oil purchased during April from other companies, 60,132 tons. Oil produced during May, 41,135 tons; oil purchased during May from other companies, 72,639 tons. Oil produced during June, 44,353 tons; oil purchased during June from other companies, 61,910 tons.

VENEZUELAN OIL CONCESSIONS, LTD.—The Venezuelan Oil Concessions, Ltd., announces that its production for the week ended July 11, 1936, was: Bolivar district, 840,671 barrels; Maracaibo district, 26,946 barrels. Total, 867,617 barrels. Production for the week ended July 18, 1936 was: Bolivar District, 748,007 barrels; Maracaibo District, 24,166 barrels; total 772,173 barrels.

REPORTS AND NOTICES

The directors of Lloyds Bank, Ltd., announce that Mr William George Verdon Smith, C.B.E., of Clare Street House, Bristol, has been elected to a seat on the board.

The directors of Martins Bank, Ltd., announce that Mr Edgar Rennie Bowring has been elected to a seat on the general board of the bank.

BANKS

THE BANK OF LONDON AND SOUTH AMERICA LTD. AND THE ANGLO-SOUTH AMERICAN BANK LTD.—The provisional agreement entered into by the directors whereby the Bank of London and South America, Ltd., will take over the business of the Anglo-South American Bank, Ltd., and assume liability for all its obligations to depositors and others has been ratified by the shareholders of the latter in general meeting. The actual date of transfer has been fixed for the close of business on August 13, 1936. In the interval there will be no interruption in the normal course of business. The capital of the Bank of London and South America, Ltd., will be £4,500,000 authorised, £4,040,000 issued, and published reserves £2,000,000.

MINES

ROSTERMAN GOLD MINES, LTD.—The first report and accounts to end of 1935 show that the value of gold recovered from February 5, 1935, to December 31, 1935, amounted to £10,939 after deduction of £4,750 for expenses. Selling expenses have also been deducted. Administration and other expenses in London absorbed £4,526. The sum put to depreciation is £12,522. A sum of £5,227 has been transferred from profit and loss account to mine development account, making it £61,561. During the year, with the exception of operating the Pilot Mill, operations have been confined to shaft sinking and underground development, the erection of plant and machinery, the provision of permanent buildings to house the European and non-European staffs and the erection of the necessary workshops and offices.

MISCELLANEOUS

ANGLO-ARGENTINE TRAMWAYS.—Moratoria on Anglo-Argentine Tramways debenture stocks have been extended for a year.

SANGERS, LTD.—Net profits for year ended March 31, 1936, are up by £32,353, to £188,723, and after bringing in £80,896 there is a balance of £269,619. The final ordinary dividend, as already announced, is 16½ per cent., less tax, making 25 per cent., against 22½ per cent., and after providing £42,682 for tax the carry-forward is increased from £80,896 to £100,338.

MILLARS' TIMBER AND TRADING.—Net trading profits have risen from £9,212 to £78,266 in 1935. The preference, preferred and ordinary dividends absorb £66,583, leaving £11,682 forward. During 1935 there was an improvement in trading conditions in Australia. Turnover was 11 per cent. greater than in 1934. During the year an additional mill was reopened and the production of timber for 1935 was increased by about 25 per cent. over that of 1934. Trading in the United Kingdom, South Africa and other world markets in which the company deals in timber of all classes and in various other produce was satisfactory, the turnover in 1935 exceeding that in 1934 by some 26 per cent.

FALK, STADELMANN AND COMPANY.—Falk, Stadelmann reports an increase in profits before tax in the year to March 31, 1936, from £108,317 to £117,005. In addition, there is a surplus of £2,615 realised on sale of investments and the reinstatement of the amount previously written off shares in a subsidiary. A similar surplus of £1,971 was realised in the previous year. General reserve again receives £15,000, and the allocation to staff pension and benevolent fund is repeated at £5,000. Ordinary dividend, 10 per cent., against 8½ per cent. Carry-forward is up from £18,951 to £20,752. Meeting, 91 Farringdon Road, E.C.1, July 23rd, at 12 noon.

J. BROCKHOUSE AND COMPANY, LTD. (PURCHASE OF CAPITAL OF DISTRICT IRON AND STEEL, SMETHWICK).—J. Brockhouse and Company, Ltd., announces that negotiations have now been completed for the acquisition on satisfactory terms of the entire capital of the District Iron and Steel Company, Ltd., of Smethwick. The purchase price is being satisfied by the allotment of a portion of the unissued £1 ordinary shares of J. Brockhouse and Company.

"LONDON TRANSPORT YEAR."—An Investment Note under this heading on page 25 of our issue of July 4th referred to the prospective announcement of the final dividend upon the "C" stock. In order to avoid misapprehension, it may be desirable to state that the amount available for distribution will not be known until the ascertainment of the Pooling Scheme has been made. It is unlikely that the announcement regarding the dividend will be made until early October, as last year.

CABLE AND WIRELESS, LTD. (INDEX NUMBERS).—These index numbers represent the estimated monthly receipts from traffic as related to comparable traffic in the year 1929. Monthly figures reduced to working-day average. Working-day average of comparable receipts year 1929 = 100.

	1930	1931	1932	1933	1934	1935	1936
January	96.0	76.3	73.4	69.9	71.8	73.2	71.2
February	85.7	81.2	82.9	71.7	74.7	74.4	73.3
March	94.5	79.6	77.8	70.4	72.8	76.2	76.0
April	94.9	74.5	71.4	71.8	71.6	74.6	71.6
May	86.2	68.8	67.7	70.7	73.1	72.5	67.6
June	86.0	66.6	64.7	70.1	70.1	70.2	70.3
July	80.8	64.7	63.2	67.5	68.9	66.7	...
August	82.1	61.8	69.6	65.9	70.7	67.1	...
September	81.4	75.0	71.4	67.9	70.3	75.5	...
October	82.5	77.8	73.2	72.1	73.6	78.8	...
November	80.4	79.0	73.0	71.8	71.3	72.7	...
December	87.1	83.6	78.8	76.7	80.7	80.1	...

ALVIS-STRAUSSLER, LTD.—An important agreement has been made between Alvis, Ltd., and Straussler Mechanization, Ltd. Under the agreement, Alvis, Ltd., will now be responsible for the

manufacturing side of the business, while the technical and commercial side hitherto carried out by Straussler Mechanization, Ltd., will be in the hands of Alvis-Straussler, Ltd.

COLVILLES, LTD.—An extraordinary meeting held in Glasgow for the purpose of considering resolutions enabling the company to acquire the whole Ordinary Share Capital in the Lanarkshire Steel Company, Ltd. The Chairman announced that the Board of Colvilles, Ltd., had invited Mr Harry Cunningham, Chairman of Sir William Arrol & Co., Ltd., to join the Board of the Lanarkshire Steel Co., Ltd.

EDWARD LLOYD, LTD.—Lord Camrose, Lord Kemsley and Lord Iliffe have resigned from the Board, and Messrs. Eric V. Bowater, Arthur Baker, Noel V. Bowater and E. C. Duffin have been elected directors. Mr Eric V. Bowater has been appointed Chairman, Mr Percy G. Denson, Vice-Chairman, and Mr H. J. Inston, A.C.A., Secretary of the Company.

THE EDWARD LLOYD INVESTMENT COMPANY, LTD.—Lord Camrose, Lord Kemsley, and Lord Iliffe have resigned from the Board, and Messrs. Eric V. Bowater, Noel V. Bowater, Arthur Baker, E. L. Fifoot, E. C. Duffin, Ian F. Bowater and H. J. Inston have been elected directors. Mr Eric V. Bowater has been appointed Chairman, Mr Percy G. Denson, Vice-Chairman, and Mr H. J. Inston, A.C.A., Secretary of the Company.

THE RIO DE JANEIRO CITY IMPROVEMENTS COMPANY, LTD.—The directors announce that, pending the outcome of negotiations for a new drainage rent, they have received payment by the Brazilian Government in Rio de Janeiro of the half yearly revenue to June 30, 1936, on the basis of 218 milreis per house per annum, which is equivalent at the present free rate of exchange to £2 10s. 7d. per annum.

CONSETT IRON COMPANY, LTD.—Net profits, before depreciation, are up by £137,425 to £399,753. The directors propose to replace in reserves the sum of £150,000 set aside in the balance sheet specifically for workmen's compensation liability, and to provide £200,000 towards reserve for improvement and extension of plant and machinery, etc., leaving £106,488 carried forward, against £56,735 brought in. A year ago there was a provision of £300,000 for depreciation, but there is no such allocation this time. There is no ordinary dividend. The report adds that legal and other arrangements relating to the purchase of a constructional engineering undertaking have been completed. Meeting, Newcastle-upon-Tyne, August 11th, at 11 a.m.

MARCONI-EKCO INSTRUMENTS, LTD.—Marconi's Wireless Telegraph Company, Ltd., and E. K. Cole, Ltd., have decided to form a jointly-owned company to be called "Marconi-Ekco Instruments, Ltd.," with a nominal capital of £5,000. The chairman will be the Rt. Hon. Lord Inverforth, P.C.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

AFTER a period of hesitancy last week the majority of commodity markets exhibited a strong tone during the past few days and the upward trend of prices was resumed. The grain markets remain under the influence of the weather in North America, and the continuance of the drought over a wide area was responsible for a further rise in wheat. In view of the reduction in the supply of this cereal recently, the wheat markets will henceforth be sensitive to crop reports from Argentina and Australia. Maize prices are likely to be increasingly affected by crop news from the United States, since a failure in that country would necessitate substantial imports from Argentina. Meanwhile, American cotton suffered a reaction after last week's rise, but speculative interest carried Egyptian Sakel to a higher level. Wool continued firm, while other textile fibres showed little change.

Non-ferrous metals were generally dearer this week. Copper rose in sympathy with the advance in the American domestic price, while spelter responded to renewed hopes concerning the re-establishment of the International Cartel. The exception to the general tendency was tin, which was depressed owing to uncertainty regarding the outcome of the conversations between the International Committee and Siam and to the expectation of an increase in stocks. Rubber was a shade easier on the fear of renewed labour troubles at tyre factories in Akron. The market in oilseeds and their products showed little general change.

Owing to the shortage of bacon supplies, the Board of Trade announced an arrangement this week for the importation of an additional 12,000 cwts. from foreign sources. Half of this is to be shipped immediately, while the other half will be spread over the next two weeks.

COAL

SHEFFIELD.—There is a slight improvement in the demand for house coal, and industrial demand continues at a high level. Steam coal is strong. For new contracts for locomotive hards the railway companies are being quoted 2s. 6d. per ton more. Demand for coking smalls is very active and prices are firm. Output is going into immediate consumption. Furnace coke is in heavy request. Export requirements are limited, and orders for prompt shipment are rather scarce.

Prices.—Inland: South Yorkshire best, 23s.-25s.; ditto seconds, 20s.-21s.; Derbyshire best house, 22s.-23s.; Derbyshire best brights, 19s. 6d.-21s.; kitchen coal, 16s. 6d.-19s. 6d.; best screened nuts, 19s.-20s.; small screened nuts, 18s.-18s. 6d.; Yorkshire hards, 19s. 6d.-20s.; Derbyshire hards, 19s. 6d.-20s.; rough slacks, 11s.-12s.; nutty slacks 10s.-11s. Export: South Yorkshire hards, 19s.-19s. 6d.; washed trebles, 17s. 6d.-18s.; washed steam doubles, 17s. 6d.-18s.; washed gas doubles, 17s. 6d.-18s.; washed steam singles, 17s.-17s. 6d.; washed gas singles, 17s.-17s. 6d.; washed smalls, 14s. 9d.-15s. 3d.; washed smithy peas, 19s.-20s.; washed coking smalls, 14s. 9d.-15s. 3d.; screened gas coal, 19s.-20s. 6d.; Derbyshire and Notts top hards, 18s. 3d.-18s. 9d.; cobbles, 18s. 3d.-18s. 9d.; washed trebles, 17s.-17s. 6d.; washed doubles, 16s. 9d.-17s.; slacks, 9s. 6d.-13s.

NEWCASTLE-ON-TYNE.—Large steams and all descriptions of graded coals produced in Northumberland and Durham are in brisk demand. With bookings of Northumberland steam coals so heavy, there is every indication that higher prices will rule this winter.

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Durham prime gas continues weak—which is natural at this period of the year—but good class coking coal is a much better market. Prime bunkers are steady, but ordinary classes are offered fairly freely. Coke of all descriptions is a good market; exports are at a high level and demand from inland sources is just as persistent.

Current f.o.b. prices for export—NORTHUMBERLAND.—D.C.B. screened, 15s.; smalls, 12s. 6d.; Howards, Bentinck, Newbiggin screened, 14s. 9d.; smalls, 12s.; Tyne Prime large, 14s. 6d.; smalls, 12s. 6d.; Hartley Main large, 14s. 9d.; smalls, 12s. 6d.—DURHAM.—Lambton, South Hetton screened steam, 15s. 9d.; smalls, 13s.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 8d.; second-class gas, 13s. 6d.; coking unscreened and/or smalls, 13s. 3d.; Prime unscreened bunkers, 14s. 9d.; second-class unscreened bunkers, 14s.; Prime foundry coke, 26s.; Newcastle and District gas coke, 28s.

GLASGOW.—Lothian collieries have resumed this week, and some in Ayrshire have also been working; but, with holidays elsewhere and salesmen absent, market conditions have been quiet. A fair amount of business is on hand for the restart, but as regards exports the collieries, have not been pressing owing to the pending change in selling arrangements and the likelihood of continued activity in home demands.

Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 15s.; splint best, 18s.; splint second, 16s.—16s. 6d.; navigation, screened, 16s.—16s. 6d.; navigation, unscreened, 15s.; steam, 14s. 6d.; trebles, 16s.; doubles, 15s. 6d.; singles, 16s.; pearls, 15s.; dross, 12s. 6d. FIFE.—Best unscreened navigation, 14s. 9d.—15s.; unscreened navigation, 14s. 6d.; first-class steam, 15s.—15s. 3d.; third-class steam, 14s.; trebles, 16s. 6d.—18s.; doubles, 16s.—17s.; singles, 16s.—16s. 6d.; pearls, 14s. 6d.—14s. 9d. LOTHIAN.—Best splint, 16s.; prime steam, 14s. 6d.—15s.; secondary steam, 14s. 6d.; unscreened navigation, 14s. 6d.; trebles, 16s. 3d.—16s. 6d.; doubles, 15s. 9d.—16s.; singles, 16s.—16s. 6d.; pearls, nominal. Ayrshire.—Best unscreened navigation, 16s.—16s. 6d.; steam, 13s.—13s. 6d.; trebles, 13s. 9d.; doubles, 16s.; singles, 16s.—16s. 6d.; pearls, nominal; dross, nominal.

CARDIFF.—The Paris-Orleans Railway has placed an order for 70,000 tons of steam coals, but apart from this contract the dull conditions of the market have had no redeeming feature. Day-to-day inquiries have been extremely scarce and the depressed state of the European trade has been accentuated by the virtual suspension of shipments to Spain, owing to the disturbances at the ports of that country. It is feared that some of the repercussions of the new French Coal Mines Act centralising control of both internal and import prices, and further limiting the employment of foreign tonnage in the transport of external supplies, will be unfavourable to this country. The glut of large coal continues the main problem. Coal breaking is adopted to a limited extent, but the restricted demand for the best Admiralty large classes is causing a great deal of irregular working, and washed smalls and sized classes are very scarce for prompt positions with prices firm. South Wales colliery owners have agreed to increase their price for French pitwood under the coal-pitwood barter agreement by 7½d. to 24s. 10½d. per ton ex-ship. Of the 80,000 tons of pit props to be supplied by France under this agreement for the September quarter about 50,000 tons are to be delivered before September 15th and the remainder by October 30th, but one of the terms of the new settlement is that if by August 20th either party desires a revision of the price of the balance of 30,000 tons remaining to be delivered after September 15th the two sides shall meet to consider the matter, and in case of failure to agree either shall have the right to cancel this quantity. It is expected that the Secretary for Mines will this week formally accept the South Wales scheme for the centralised control of sales, and that the new regime will become operative with the announcement of the constitution of the Control Board next Monday. Coke is still very strong, while patent fuel is a steady market.

Current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 6d.; Black Veins, 18s. 3d.; Western Valleys, 17s. 6d. to 17s. 9d.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steam (washed), 13s. 6d. to 14s. 6d.; seconds, 13s. to 14s.; coking smalls, 14s. 3d. to 14s. 6d.; best anthracite large, 36s. to 40s.; Red Vein large, 22s. to 27s.; machine made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; rubbly culm, 11s. 6d. to 12s.; special foundry coke 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, French, 24s. 10½d.; Portuguese, 22s. 6d.

IRON AND STEEL

LONDON.—With the opening of the holiday period, the volume of new business has shown signs of declining, but most of the steelworks have sufficient orders on their books to keep them busy until the end of the year, says the official report of the London Iron and Steel Exchange. Demand is expected to increase when the holiday season is over, and some consumers seem to fear that a stringency will develop in the market later in the year. A more satisfactory situation has developed in pig iron and most consumers are able to secure supplies, whilst some progress has been made by producers in overtaking arrears in deliveries. Works are fully

booked, but there has been some suspension of deliveries on account of holiday stoppages. Many consumers would be prepared to place orders for delivery over the early months of 1937; but makers are not inclined to accept business so far ahead. In semi-finished steel, works are producing at capacity, but are unable to keep pace with demand. The position, however, is better than a few weeks ago owing to increased production, and there are fewer complaints by consumers of late deliveries. New business in finished steel has been quiet; but production continues almost at a record rate in several departments. There is no relaxation in the quantities of structural material passing into consumption, but the greater part is being used for home requirements. Export business of late has shown signs of expanding, but development is slow.

MIDDLESBROUGH.—The position of the pig iron and steel producers in this area is very satisfactory. Outputs are disposed of for some time to come and the holidays in Scotland this week will enable makers to supply rather larger quantities of foundry pig iron to local consumers. There is no indication of any seasonal slackening in demand. Prices of Cleveland foundry pig iron, also East Coast hematite, remain unaltered. The requirements of semi-finished steel users are heavy, whilst manufactured steel is being turned out in large quantities. It is announced this week that Messrs. Dorman Long & Co. have secured a contract in connection with the construction of a new bridge in China, which will require approximately 4,000 tons of steel. Shipments of all classes of pig iron from the Tees from July 1st to the 20th amount to 7,005 tons as compared with 7,800 tons during the same period in June. Imports of foreign ore to the Tees so far during July are approximately twice the quantity which was imported during the same period of June. The present dislocation of communications with Spain is rendering it almost impossible to do business in ore from that country. Heavy steel scrap remains at 57s. 6d. per ton delivered at the works. Blast furnace coke is maintained at 25s. per ton delivered.

SHEFFIELD.—The iron and steel market remains very firm, with an active demand in most sections. Business in forge and foundry iron is mostly in small lots for immediate delivery, producers being already fully committed under contract over the next few months. Lincolnshire makers have nothing to offer in this area, their output being taken up at source. The increased production of Derbyshire material has made no great impression on the market so far, and has done little more than meet contract requirements. Stocks at furnaces are small, and with demand at its present level little can be done to replenish them. Good deliveries of hematites are being made, but makers are heavily booked, and some are refusing further contracts for the present. Finished iron is a better market, especially common bars. Crown iron is in rather better request. The demand for basic steel billets is at a record level, and acid qualities are more active than for some time past. Wire rods are in strong request, as is steel strip. Heavy business is being transacted in stainless steel sheets. There is little change in the iron and steel scrap market. Merchants' price for heavy basic steel for melting remains at 56s. delivered, but users are unwilling to pay this and are purchasing supplies of imported material at a slightly lower figure. Foundry cast iron is very active at around 62s. 6d. Heavy wrought shearing iron is obtainable at from 62s. 6d. to 65s. with a moderate demand. Local forges, rolling mills and foundries are all well employed, and normal business is being heavily supplemented by Government armament work.

GLASGOW.—Holidays are general in the West of Scotland this week. Although production will not be resumed till early next week, there is a little more market activity, and prospects of regular employment for plant and men are very good. There is much new constructional work in contemplation, and enquiries are on the market for considerable tonnages. At a meeting in London on Wednesday, it was agreed to advance the home price of both black and galvanised sheets by 10s. per ton.

CARDIFF.—The heavier branches of the iron and steel industry continue very active, and this week the first of the cargoes of Russian pig iron arrived at Swansea. It is reported that the contract with the Soviet Government is for 100,000 tons, and that of this quantity approximately two-thirds is to be delivered to the South Wales steel makers. There is some dissatisfaction amongst the local makers that they are to accept this iron through an English firm instead of having been allowed by the Federation to make purchases direct and on their own terms. Conditions on the tinplate market are a little easier, and shipments at Swansea last week totalled only 48,570 boxes compared with 63,181 boxes the previous week. There is a good demand, however, for sheets (other than galvanised sheets for export), for tubes, plates and wire rods. Prices are unaltered.

OTHER METALS

COPPER.—The market again improved, standard cash showing a gain of 15s. on the week. Although there was a considerable increase in demand, the factor mainly responsible for the movement was the rise in the United States domestic quotation from 9.50 to 9.75 cents per lb. The latter increase had been anticipated and, up to the date of the change, sales in July amounted to some 146,000 short tons, against an abnormally low figure of 16,500 short tons in June. But this raising of the American price seems rather untimely, since American consumers are still well stocked, while the next few weeks are likely to witness a seasonal slackening of demand. The chances therefore are that the United States market will experience a period of extreme dullness in the near future.

Sales on the London Metal Exchange: 2,100 tons on Monday, against 600 tons last week; 3,600 tons on Tuesday, against 775 tons last week; 2,700 tons on Wednesday, against 1,050 last week.

Domestic spot was quoted at 9.22½ cents per lb. in New York on Wednesday, against 9.02½ cents a week ago and 8.95 cents a month ago. Wednesday's official closing price for standard cash in London was £37 13s. 9d. to £37 15s., compared with £36 18s. 9d. to £37 a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 54,643 tons, show a decrease of 317 tons, while stocks of rough copper, at 3,191 tons, show a decrease of 276 tons on the week.

LEAD AND SELLER.—In response to a good general demand, lead prices experienced a sharp rise, and closed on Wednesday at the week's best. According to the *Metallgesellschaft*, world lead smelter output totalled 128,054 metric tons in May, against 124,143 tons in April; the daily rate of production was, however, reduced by 7 tons to 4,131 tons in May. Spelter also scored a rise this week. Partial responsibility for this movement is attributed to the hope that the recent statement of Sir Robert Horne in favour of a higher import duty on zinc might act as a stimulus towards the re-establishment of the Cartel. But, in the absence of definite news on this matter, the outlook for spelter remains obscure.

Sales of lead on the London Metal Exchange: 1,550 tons on Monday, against 800 tons last week; 2,100 tons on Tuesday, against 550 tons last week; 2,100 tons on Wednesday, against 550 tons last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 12s. 6d. per ton, compared with £15 7s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 800 tons on Monday, against 500 tons last week; 800 tons on Tuesday, against 325 tons last week; 750 tons on Wednesday, against 200 tons last week. Wednesday's quotation in East St. Louis was 4.80 cents per lb., against 4.75 cents the week before and 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 17s. 6d. per ton, against £13 8s. 9d. last week.

TIN.—Contrary to the tendency of the other principal non-ferrous metals, tin showed weakness. Uncertainty concerning the outcome of the negotiations between the Tin Committee and Siam—which began on Monday and were adjourned on Tuesday—and the anticipation of higher stocks at the end of this month, were the chief reasons for the reaction. American consumers have bought very little recently and without an increase in United States interest in the market the present dullness will with difficulty be dispelled.

Sales of tin on the London Metal Exchange: 190 tons on Monday, against 475 tons last week; 150 tons on Tuesday, against 175 tons last week; 170 tons on Wednesday, against 190 last week. The New York quotation on Wednesday was 44 cents per lb., against 44.12½ cents a week ago and 42.75 cents a month ago. Wednesday's official closing quotation in London for standard cash was £189 15s. to £190 5s. per ton, compared with £192 10s. to £193 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 575 tons, a decrease of 8 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £11 19s. to £11 19s. 6d. per flask of 76 lb., against £12 2s. 6d. last week. Chinese antimony was again quoted at £54 per ton ex warehouse, duty paid. Chinese wolfram for July–August shipment was quoted at 26s. 6d. to 27s. per unit, c.i.f., as against 26s. to 27s. last week. Platinum (refined) was held at £8 per ounce.

TEXTILES

COTTON.—Manchester.—See-saw movements have taken place in cotton prices. American quotations are easier as compared with a week ago, but Egyptian have hardened. The technical position of American cotton, however, remains strong. There continues an active demand, and spinners throughout the world are consuming the raw material on a bigger scale than for a long time. Future movements will depend largely upon weather advices from the American belt. With regard to Egyptian cotton, speculative operations have pushed up prices, which are generally higher than at any time this year. The activity has been due to reports that the Egyptian crop, and especially Sakel cotton, will be smaller than anticipated.

COTTON PRICES

	1936				Corresponding Date	
	July 1	July 8	July 15	July 22	1934	1935
Raw Cotton—Mid. American..... per lb.	d. 7-16	d. 7-24	d. 7-50	d. 7-39	d. 6-93	d. 6-89
Sakelardis Fully Good Fair..... per lb.	9-47	9-84	10-15	10-50	8-39	8-07
Yarns—32's twist..... per lb.	10½	10½	11½	11½	10½	10½
" 40's twist..... per lb.	11	11	11½	11½	10½	10½
" 60's twist (Egyptian)..... per lb.	16½	16½	16½	17½	16½	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	s. d. 17 9	s. d. 17 10½	s. d. 18 14	s. d. 18 3	s. d. 19 0	s. d. 17 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	25 2	25 4	25 7	25 9	24 04	24 44
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	10 41	10 5	10 6	10 6	11 1	10 5
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9 4½	9 5	9 6	9 6	9 11	9 3

The larger inquiry in cloth for abroad has been maintained. A favourable feature is that buyers have been more disposed to pay the higher level of prices. An interesting development has been the larger inquiry and freer buying for India, and it is reported that

clearances in the native bazaars are improving. There has been a fair turnover for Java and Singapore, while a steady demand has been about for Central and South America. Egypt has been very quiet, but more orders have been placed for the Near East. There has not been any slackening off in demand for the Empire markets, and steady buying has taken place for Australia. Quite a number of manufacturers, as a result of the contracts booked during the last few weeks, are now presenting a firmer front to buyers. In the yarn section there has been more business in coarse and medium American counts, but it has again been a struggle to obtain satisfactory prices. Business in Egyptian descriptions has been patchy, but latterly some sellers have booked more orders.

WOOL.—Bradford.—The firm finish last week of the fourth series of Colonial sales sent all buyers home feeling that the raw material was very sound. Prices responded to the increased call for wool on the part of the Continent, Russia being a very active bidder during the second week; there is a reasonable prospect that she will continue buying either here or in Australasia. Good merinos recovered the initial fall, while medium crossbreds particularly rose 1d. per lb. on opening rates. Apart from a little ease in greasy crossbreds, prices recovered well, most classes selling on a full parity with the close of the May series. This has greatly inspired home manufacturing districts, and during the past fortnight there has been considerable buying in new cloths for next spring and summer. The ease during the first week of the series stimulated the placing of large orders for men's wear in particular, and retail clothiers having done a reasonable summer trade, the outlook for the coming winter is encouraging.

The home trade is credited with taking 42,000 bales, the Continent 30,000 bales, while the carry-over is 45,000 bales. The best feature is the steady decrease this year in old stocks of New Zealand crossbreds, and it is to be hoped that by December 31st all accumulations will be in the hands of users. The outlook is certainly very good for crossbreds. Turning to manufacturing areas, mills are fairly well employed, especially in the woollen section. Among dress goods manufacturers in Bradford and district many looms are idle, while some spinners are only working three days per week. A little uneasiness is felt regarding the reception new dress goods meet with for the next spring season, but new designs are being made on a large scale. Taking a general all-round view of the wool textile position, conditions are sound and healthy.

GRAIN MARKETS

WHEAT.—The rise in prices has been resumed. It is confirmed that the Canadian wheat crop has been seriously damaged, practically no rainfall having been reported this week. In consequence of the heavy reduction in available supplies of wheat, the market is likely to be sensitive to any adverse reports from Australia or Argentina in the near future.

On Wednesday last, "July" futures were quoted in Chicago at 104½ cents per bushel, against 104½ cents the week before and 95½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 36s. 6d. per 496 lbs., against 35s. a week ago; No. 2 Northern Manitoba, ex ship, 36s., against 34s. 9d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,086,000 quarters, against 980,000 in the previous week and 967,000 quarters in the corresponding week a year ago.

FLOUR.—Following the recent advance in prices, business has been quieter. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 30s. per 280 lbs., against 30s. a week ago; delivered inner London, 29s. 6d., as compared with 29s. 6d. a week ago. Manitoba patents, ex store, 27s. 6d. to 29s., against 26s. 6d. to 28s. a week ago. Australian, ex store, 23s. to 23s. 6d., against 23s. to 23s. 6d. a week ago.

BARLEY.—Prices of imported feeding descriptions have continued to advance, but sales of English barley are now negligible. "July" futures were quoted at 50½ cents per bushel in Winnipeg on Wednesday, against 53½ cents a week ago and 39½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 25s., as against 24s. a week ago; "English malting," at farm, not quoted.

OATS.—On Wednesday, "July" futures were quoted at 38½ cents a bushel in Chicago, against 37½ cents a week ago and 29½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 20s. 6d. per 336 lbs., against 20s. a week ago; "English White," at farm, 20s. 6d., against 20s. a week earlier.

MAIZE.—The market remains strong, the principal factor at the present time being the weather in the United States. A crop failure in that country would necessitate substantial imports, whereas further rains in Argentina would merely retard the movement of the crop and affect its quality. "July" futures were quoted on Wednesday at 94½ cents per bushel in Chicago, against 85 cents a week ago, and 67 cents last month. Quotations in London,

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Wednesday: "Plate," landed, 22s. 6d. per 480 lbs., compared with 22s. a week ago; "Plate," ex ship, 21s. 6d., as against 21s. 3d. a week ago; "Plate," "July," 21s. 3d., as against 20s. 3d. a week ago; yellow maize meal, ex wharf, was quoted at £5 17s. 6d. per ton, as against £5 12s. 6d. to £5 15s. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—				
1 week to July 18	Cwts. 27,081	Cwts. 77,712	Cwts. 43,615	Cwts. 53,433
46 weeks to July 18	8,564,335	10,716,058	13,175,069	13,133,317
Average price of English wheat per cwt.	s. d. 6 8	s. d. 5 4	s. d. 5 7	s. d. 7 0

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
July 16, 1932	Cwts. 27,452	Cwts. 1,144	Cwts. 4,312	s. d. 6 5	s. d. 6 11	s. d. 7 11
July 15, 1933	27,081	11,390	4,678	6 8	6 11	5 10
July 21, 1934	77,712	8,253	12,087	5 4	7 7	6 4
July 20, 1935	43,615	3,276	4,652	5 7	6 6	7 8
July 11, 1936	56,209	1,731	10,204	6 10	6 10	6 5
July 18, 1936	53,433	2,946	12,403	7 0	6 4	6 4

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935-36, with comparative figures for 1934:—

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	July 24, 1935	Dec. 31, 1935	July 15, 1936	July 22, 1936
Winnipeg (No. 1, Manitoba)	85½	82½	81½	84½	93½	92½
Chicago (No. 2 Winter)	84½	88½	85½	75½	104½	104½

OTHER FOODS

BACON.—Arrangements have been made by the Board of Trade, as a temporary measure, for the importation of additional supplies amounting to 12,000 cwt., from foreign sources. Half of this is to be shipped immediately and the other half to be spread over the following two weeks. Meanwhile, the market remains firm at the recent advance. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 91s. to 92s.; Canadian, 85s.; Danish, 94s.; as against 88s. to 90s., 82s. and 91s. last week. Arrivals in London last week included Danish, 13,779 bales; Canadian, 4,639; Dutch, 2,465; Lithuanian, 1,679; and Polish, 2,561, as against 14,156, 4,436, 2,293, 1,886 and 2,536 respectively in the previous week.

BUTTER.—The market has again displayed a firm tone this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 117s. to 119s.; Australian, choicest salted, 116s. to 117s.; Danish, 128s., compared with 116s., 115s. and 128s., respectively, a week ago.

CHEESE.—The market has been about steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, factory, 56s. to 58s.; Canadian, finest coloured, 64s.; and New Zealand, finest coloured, 61s. 6d.; against 54s. to 57s., 62s. to 64s. and 62s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 6½ cents per lb., as against 6¼ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "October-December," was quoted 28s. 6d. per 250 kilos., c.i.f. Continent, against 28s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 877 bags; delivered, for home consumption, 5,792 bags; exported, 34 bags; stocks, 174,685 bags, against 175,807 bags a year ago.

COFFEE.—The New York spot market continued to display strength, but in London business was limited. On Wednesday, Rio No. 7 (cash) was quoted at 7½ cents per lb. in New York, as compared with 7½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 14 cwt.; delivered, for home consumption, 81 cwt.; exported, 18 cwt.; stocks, 10,118 cwt., against 16,677 bags a year ago. Central and South American, landed, 432 cwt.; delivered, for home consumption, 5,054 cwt.; exported, 598 cwt.; stocks, 107,023 cwt., against 165,315 packages last year. Other kinds, landed, 1,014 cwt.; delivered, for home consumption, 3,574 cwt.; exported, 922 cwt.; stocks, 153,241 cwt., against 177,932 packages last year.

EGGS.—Prices were slightly higher for best selections, with cheaper eggs unchanged. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 14s. to 14s. 6d. per 120, as against 13s. 6d. to 14s. last week, while Danish (15½ lb.) made 9s. 9d. to 10s. 6d. per 120, as against 9s. 6d. last week.

FRUIT.—Business at Covent Garden remains moderately brisk, states *The Fruitgrower*, supplies generally going out fairly well. An interesting feature has been the re-entry of plums and pears, with a few peaches, from Italy in consequence of the raising of sanctions. A fair showing of English green apples has been on the market, while the Australian apple trade has been steady. Home-grown cherries cleared fairly well, but many samples were ruined by rain. Gooseberries held their price and demand for black and red currants was good. English grapes and peaches were also a good line, but strawberries were inclined easier. Prices of South African oranges were higher and melons again sold well.

MEAT.—The improvement at Smithfield noted last week was not maintained and prices were easier. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. 2d. per 8 lbs., as compared with 4s. 4d. to 4s. 8d. a week ago. New Zealand frozen mutton was 3s. to 3s. 8d. per 8 lbs., against 3s. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,630 tons, an increase of 325 tons on the corresponding week last year. Beef and veal accounted for 4,700 tons, mutton and lamb 2,826 tons, and pork and bacon 661 tons, as compared with 4,480, 2,947, and 457 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 3 tons; delivered, 7 tons; stocks, 1,755 tons, against 1,827 tons a year ago. White, landed, nil; delivered, 12 tons; stocks, 12,261 tons, against 18,602 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. ex warehouse on Wednesday, as compared with 8s. 6d. per cwt. a week ago. "August-September" in singles to Continent and U.K. was quoted at 7s. 9d. per cwt., against 7s. 7½d. last week. Movements in London during the past week were as follows: Landed, 301 tons; delivered, 255 tons; stocks, 2,035 tons, against 9,715 tons a year ago.

SUGAR.—The London market has been quiet, but steady. American prices remain unchanged. The spot price in New York on Wednesday was 3-70 cents per lb., as compared with 3-70 cents per lb. last week and 3-75 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at 4s. 5d., against 4s. 5½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 9,537 tons, against 21,350 tons last week and 13,178 tons in the same week of last year; deliveries, 17,140 tons, against 18,993 tons last week and 15,132 tons last year; stocks, 129,044 tons, against 136,647 tons last week and 127,281 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
July 18, 1935	d. 12-15	d. 12-11	d. 13-06	d. 10-42	d. 10-01	d. 11-32	d. 12-23
June 11, 1936	12-15	12-11	13-06	10-42	10-15	11-48	12-40
June 18, 1936	12-24	12-23	13-30	10-22	9-95	11-44	12-25
June 25, "	12-20	12-28	13-13	10-17	9-95	11-21	12-18
July 2, "	12-20	12-28	12-98	10-26	9-89	11-26	12-22
July 9, "	12-19	12-10	13-04	10-33	9-89	11-32	12-23
July 16, "	12-15	12-11	13-06	10-42	10-01	11-51	12-41
July 18, "	12-27	12-07	13-35	10-34	10-09	11-51	12-41

This week's offerings at the public auctions in Mincing Lane comprised 28,389 packages of Indian and 25,123 packages of Ceylon tea. There was an active demand for common Indian grades at generally firm rates, but medium and better qualities were fractionally easier. At the Ceylon sales, on the other hand, only the best quality descriptions maintained recent rates, quotations for the majority showing an easier tendency.

VEGETABLES.—Prices in general were rather low at Covent Garden this week, says *The Fruitgrower's* report, supplies being ample for requirements. Trade in tomatoes was rather easy and cucumbers also declined. Green peas eased on heavier supplies and as a result of competition from runner beans. Cabbage and cauliflowers have made steady prices, but quotations for turnips declined. Meanwhile, business in potatoes at the various London markets has not been good. Ample supplies encountered a slow demand and prices were marked down. At the London Borough market on Tuesday King Edward made 7s. to 8s. per cwt., while English Epicure were quoted at 5s. to 5s. 6d., against 6s. to 7s. last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Business in most sections is quiet, but the undertone is steady. Linseed is again subject to adverse conditions in regard to the newly sown linseed in the United States, and although there has been some reaction in Plate linseed the market is steady. Indian shippers' quotations have been advanced in the expectation of an improved future demand and are too high to tempt English crushers to buy. The heat and drought have undoubtedly had a serious effect upon the new crop in America and this is confirmed by official reports, which place the probable yield at 237,000 tons although private estimates suggest about 200,000 tons. These figures, however, are subject to revision when the time for harvest approaches. In Argentina, weather conditions vary considerably and are not favourable on the whole to the sowing of the new seed. Argentine shipments are on a moderate scale. The quantity now afloat for Europe is 136,200

tons (including 34,800 tons from India) or 10,000 tons less than last week. That afloat for the United States has increased to 6,000 tons against 11,000 tons a year ago. Linseed oil is easier and about 10s. per ton down on the week. Current value ex Hull for July-August delivery is around £26 10s. per ton, with later positions at a small discount. Cotton oil is firm in sympathy with America. Egyptian crude oil is held for £26 10s. and refined for £28 10s. per ton prompt. Old crop Egyptian cottonseed is scarce and dear. Business in new crop October landing for Hull is reported done at £7 5s.

RUBBER.—Despite the continued decline in United Kingdom stocks, the market was a shade easier this week. For this tendency,

the fear of renewed labour troubles in Akron tyre factories was mainly responsible. American prices also showed weakness. The spot price in New York on Wednesday was 16½ cents per lb., compared with 16½ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. for "October-December" shipment, as against 7½d. to 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 116,975 tons, against 119,095 tons a week earlier. A year ago stocks amounted to 172,184 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, July 22nd				The prices in the following are revised with the assistance of an eminent firm in each department.			
GRAIN, CEREALS AND MEAT				POTATOES—			
Wheat—				English Epicure.....	s. d. 6 0	s. d. 7 0	
No. 2, N. Man. 498 lb.	s. d. 36 0	s. d. 36 0		King Edward	7 0	8 0	
Eng. Gaz. av. per cwt.	7 0			SPICES—			
Barley, Eng. Gaz. av.	6 4			Pepper, per lb.—			
Oats	6 4			Black Lampung	0 2½		
Maize, La Plata, landed, 480 lb.	22 6			White Muntok	0 4½		
Flour, Lon. stan. ex mill, 280 lb.	28 3			Cinnamon—lat sort, per lb.	0 8½		
MEAT—				Cloves—Zanzibar per lb.	0 7½		
No. 2, Burma, per cwt.	7 9			Ginger—per cwt.—			
Beef, per 8 lbs.—				African	67 6		
English long sides	4 2 5 0			Jamaica, ord. to good	1 2 2 2		
Argentine chilled hinds	3 8 4 2			Mace, 65½	0 11½		
Mutton, per 8 lbs.—				SUGAR—			
English wethers	5 0 6 4			(Duty, 11/8 per cwt.)			
N.Z. frozen	3 0 3 8			Centrifugal, 96½, prpt.	4 5½		
Lamb, per 8 lbs.—				ships, c.i.f. U.K./Cont.	16 6 18 9		
N.Z. frozen	4 8 5 6			B.W.I., crystallised			
Pork, English, per 8 lbs.—	4 8 5 0			Java, white, c. & f. India	Nominal.		
OTHER FOODS				Oct.-Dec.			
BACON—				Refined—London—			
English	91 0 92 0			Yellow Crystals	17 7½		
Irish	90 0 92 0			Cubes	21 10½	22 4½	
Danish	94 0			Crushed	20 0 20 1½		
Dutch	90 0			Granulated	18 0 18 10½		
HAMS—				Home Grown	17 9 18 1½		
Canadian	98 0 100 0			TEA—			
American	94 0 98 0			Indian—per lb.—			
BUTTER—				Pekoe	0 11 1 1		
Australian	116 0 117 0			Broken Pekoe	0 11 1 1		
New Zealand	117 0 119 0			Orange Pekoe	0 11½ 1 1½		
Danish	128 0			Broken Orange Pekoe	0 11½ 1 1½		
CHEESE—				Ceylon—per lb.—			
Canadian	64 0			Pekoe	0 11½ 1 9½		
New Zealand	61 6			Broken Pekoe	0 11½ 1 2½		
English Cheddars	56 0 58 0			Orange Pekoe	0 11½ 1 8		
English factory	56 0 58 0			Broken Orange	0 11½ 1 7		
Dutch	48 0 52 0			TOBACCO—			
COCOA—				(Duty, 9/8-10/8½ per lb.)			
British grown, 11/8; foreign, 14/- cwt.				Empire growth, 7/5½			
Accra, f.f.	28 3 28 6			8/3½ per lb.)			
Trinidad	57 6 63 0			Common to fine	0 8 2 10		
Grenada	50 0 54 0			Rhodense leaf	0 7 1 6		
COFFEE—				Myasaland leaf	0 9 1 4		
British grown 4/8; foreign, 14/- cwt.				strips	0 8 1 4		
Santos sup. c. & f. cwt.	40 6			East Indian leaf	0 8 1 4		
Colombian, good	48 0 55 0			strips	0 8 1 4		
Costa Rica, med. to good	52 0 72 0			TEXTILES			
East Indian " " "	42 0 62 0			COTTON—			
Kenya, medium " " "	44 0 58 0			Mid-American	d. 7-39		
EGGS—				Sakellaridis, f.g.f.	10-50		
English	14 0 14 6			Yarns, 32's twist	11½		
Danish	9 10 6			60's twist	17½		
FRUIT—Oranges—				FLAX—			
South African	12 0 18 0			Livonian ZK	54 10 55 0		
Brazilian	12 0 17 6			Pernau HD	nominal		
Lemons, Malaga	25 0 28 0			Slanetz Medium 1st sort	68 0 68 10		
Sicilian (var.) boxes	...			HEMP—			
Apples: Amer. (var.) boxes	...			Italian P.C.	nominal		
(var.) boxes	6 0 13 3			Manilla, June-Aug. "J 2"	27 15		
Onions—				Sisal, African	25 10 27 0		
Valencia, case	14 0 15 0			JUTE—			
Egyptian, bags	...			Native 1st mks.	per ton		
Grapes, Almeria, barrels	...			c.i.f. H.A.R.B.			
Grapefruit, S. African ..	8 0 15 0			Aug.-Sept.	£16/13/9		
Amer.	12 0 20 0			Daisee 2½ c.i.f. Dundee	s. d. 3 6	s. d. 3 6	
LARD—				Oct.-Nov.	£16/0/0		
Irish bladders	56 0 64 0			SILK—			
U.S.	54 0 56 0			Canton	4 3 6 4		
				Tussah	3 6 4 6		
				Japan	6 9 7 6		
				Italian—raw, fr. Milan	7 6 11 0		

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations unless otherwise stated)

	July 24, 1935	June 24, 1936	July 15, 1936	July 22, 1936		July 24, 1935	June 24, 1936	July 15, 1936	July 22, 1936
	Cents	Cents	Cents	Cents		Cents	Cents	Cents	Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	85½	95½	104½	104½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3-20	3-75	3-70	3-70
Maize, nearest future, Chicago, per bushel	84½	67	85	94½	Cotton, middling, spot, per lb.	12-25	12-16	13-43	13-14
Oats, nearest future, Chicago, per bushel	34½	29½	37½	38½	Rubber, smoked sheet, spot, per lb.....	11 11⁄16	15½	16 1⁄16	16 1⁄16
Rye, nearest future, Chicago, per bushel	46½	65	72½	72	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	45	63	63	Copper, "Electrolytic," Do- mestic, spot, per lb.....	7-62½	8-95	9-02½	9-22½
Coffee, No. 7, cash, per lb...	6½	6½	7½	7½	Copper, "Electrolytic," Export prompt, per lb.....	7-85	9-17½	9-25	9-45
Cocoa, Accra, nearest future, per lb.	4-65	5-96	6-11	6-15	Spelter, East St. Louis, spot, per lb.	4-35	4-85	4-75	4-80
					Lead, spot, per lb.	4-15	4-60	4-60	4-60
					Tin, " Straits," spot, per lb.	52-50	42-75	43-12½	44-00
					(a) Nominal.				

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MONDAY, July 27.—ARGENTINE RAILS.—The factors affecting the current and prospective earnings position are many and complicated—the new exchange remittance rate, the traffic trend, the terms of renewal of the Roca agreement. This article relates them all to the profit prospects of the individual companies and the earnings on the individual stocks, giving general conclusions and indicating which stocks offer most scope for the investor.

TUESDAY, JULY 28.—ANGLO-AMERICAN CORPORATION.—Our special Mining Correspondent, "MINOTAUR," deals this week with one of the big mining finance houses, which has recently been in the forefront of the news.

WEDNESDAY, JULY 29.—COMPANIES AND THEIR PROFIT-EARNING CAPACITY, No. 21.—HUDSON'S BAY.—This article discusses the short and long term prospects of a concern which has already turned the corner in marked fashion under reorganised management.—"The Company of Adventurers of England Trading into Hudson's Bay."

THURSDAY & FRIDAY, JULY 30 & 31.—BRITAIN'S TRADE PROBLEM IN THE FAR EAST.—The recent protracted visit of Sir Frederick Leith-Ross to China and Japan has stimulated interest in, and increased general knowledge of, this country's problems in the Far East. These two articles by our Special Correspondent in the Far East survey in detail Britain's business prospects in this part of the World—China's economic future, the nature and effects of Japan's China policy, and the overriding problem of Britain's relations with Tokyo in regard to Chinese questions.

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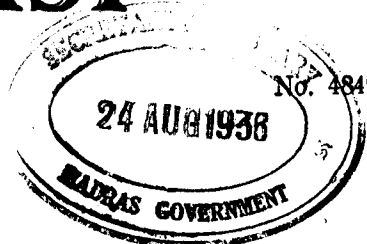
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A SESSION OF DISAPPOINTMENTS

THIRTEEN years ago Mr Baldwin succeeded to the highest office in the State in a Parliament elected on the slogan of "Tranquillity." At the close of this first session of the fourth Parliament in which Mr Baldwin has taken the helm of Government—possibly the last before he hands it over to a successor—we have to ask ourselves how the ship of State has fared in storm and stress under the guidance of one fitted by temperament and inclination to sail in quiet waters. For the ceremonial occasion the Prime Minister remains unsurpassed, and at the time of the King's death, and again this week in his words to our Canadian visitors, he voiced with perfect understanding the simple sentiments of the people. But when we ask how Britain's prestige stands to-day, what has happened to the solidarity of the nation so strikingly in evidence last September and October, how the policies have been fulfilled for which the nation voted so overwhelmingly in November, and what is the temper of the great majority returned at the general election—to these questions the answers are very much more dubious. As the House of Commons disperses for the holidays, members of all parties are very conscious that there are very few good marks in the session's report and a lamentable number of failures and lost opportunities.

This verdict is best illustrated by the standing of the Government itself. Mr Baldwin had a great opportunity to present to the country and to the world the spectacle of a strong and united Cabinet, and by so doing to prove that democracy had a conclusive and crushing answer to the much vaunted and fashionable claims of dictatorship. This opportunity has been missed. Instead, we have seen a divided Cabinet turning from side to side and seeking refuge in expedients and temporisation. In Parliament itself the Conservative battalions have preserved order in the division lobby, but on the floor of the House former Conservative leaders, with great names, have given the Opposition lessons in every kind of attack on the Government, from sniping to frontal assaults.

This dwindling reputation has occurred in a setting that in normal circumstances would have created in the public mind a benevolent attitude towards the Government in power. Economically the country has enjoyed not merely continued but increasing prosperity, aided by a deliberate

policy of cheap money. Unemployment has fallen, and the Government has had the great advantage of an expanding revenue. In this connection perhaps the most courageous single act of the Government is that in the Budget it did not hesitate to bring the country face to face with the consequences of re-armament, and to increase taxation. But even in this sphere there is no sign that any plan has been thought out by which our economic recovery can be used—as it should be used—to help in conjuring away the gathering political dangers that threaten to destroy it.

For the rest, the major items in the legislative record of the session in home affairs are a story of half measures, of compromise and of concession. Thus, the school-leaving age, after a decade and a half of delay, is nominally to be raised to fifteen. But the Bill has turned out to be one which achieves nothing before September, 1939; which then makes 14½ the effective school-leaving age; which leaves every local authority the power to exempt children of that age from school attendance if their labour is deemed necessary for the home or for the district's labour supply. Again, the Government, after introducing a Coal Mines Bill to give the Reorganisation Commission compulsory powers, capitulated to the coalowners and withdrew their Bill. Meanwhile, the coal consumers have been left to bear the burden of higher prices to offset the increase in miners' wages. In yet another direction, the Government—by the devious channel of the Finance Bill—conferred powers on the Iron and Steel Federation which enable it to relax the import quotas for foreign iron and steel, to distribute the extra supplies, and even to permit their importation at lower duties. Finally, a spate of Orders and Bills has prolonged the Government's grants of largesse to agricultural producers and to tramp shipowners; and the beet sugar industry has been statutorily welded into a vested interest enjoying the right to levy a tax on the public for a period of five years—in opposition to the recommendations of the Greene Committee.

Less objectionable have been those Bills which have regularised tithe, air navigation and the Unemployment Assistance Board's operations. The Tithe Bill is a delicate and complicated adjustment of conflicting interests; and though the Government might well have used more public

money to shorten the period of tithe amortisation, and to soften the blow on the Church, the end of an anachronistic burden on land ownership is in sight. The Air Navigation Bill evoked reasonable criticism of the Government's partiality for Imperial Airways and of the duration of the subsidy; but a measure of co-ordination in the realm of civil air transport was overdue, and is now promised. Finally, new unemployment assistance regulations have appeared. Despite the Labour Party's intense hatred of the "means test" as a criterion of need for assistance, and despite criticisms that the Board's officers should not be given such wide powers for assessment of need, there is a general feeling that the Board has learned one lesson, and that its officers are now placed on their mettle to make the new system work equitably.

In short, the session's record may be briefly summarised as "the mixture as before." Its shortcomings, had it stood alone, would have done little or nothing—in a period of expanding trade—to shake the position of a Government which was one of the strongest of modern times when it took office. But in the present situation of the world the items of a programme such as this are of secondary importance compared with international affairs. There, the great issues of peace and war, and the struggle for survival of democracy as an essential principle of modern civilisation, are still at stake.

The shock to public confidence of the Hoare-Laval proposals, so soon after the election, was profound. But Signor Mussolini's victory over the League, and the British Government's tame initiative in abandoning the policy of sanctions were felt as a diplomatic defeat and a national humiliation. If, as now appears, the Government never intended to run the risk of war with Italy by intensifying sanctions to a point where they would become effective, why did they ever start out on what was to prove only "a half-hearted and half-headed" policy? And what is their policy now? Is it to acquiesce in the tremendous swing-over in European opinion towards the dictators; to retreat to the Western tip of the Continent of Europe and hope that trouble will take another direction? These and other disturbing questions still await an answer.

The Government's failure to implement in the international field the policy on which they fought the election has naturally led to an exacerbation of party feeling. Indeed, the Labour Party, and certainly the small section of Opposition Liberals, seemed to feel British humiliation more than many Conservative members, some of whom had openly espoused the cause of an aggressive Fascism. But that was only because the Labour Party and the Liberals had identified British interests and British policy with the full and unqualified support of the ideals, principles and honour of the League. The Opposition, Liberals and Labour alike, have reason enough, after the Government's behaviour in the last eight months, to call for greater precision in the Government's foreign policy, to scrutinise the risks which hang over the people of this country, and to demand better assurances before they hand the Government a blank cheque for re-armament. Yet the Opposition has not been able to capitalise the prevailing dissatisfaction. The views of the Labour Party are still hesitant between pacifism and whole-hearted support of sanctions, while its leaders and its internal policy command too little confidence to enable it to rally a majority of the country to its support.

The result is apathy. Except at the recent Derby election, where the Labour Party had an exceptional candidate and the support of Left and Centre opinion far beyond the limits of its own ranks, the by-elections show a lower total poll, a succession of heavy reductions in the Government vote, and even slight falls in the Labour vote. It is undeniable, as *The Times* remarked on Monday, that there is a growing disposition in the country to cry "A plague on both your houses!"

This is an ominous sign; for apathy is an open invitation to would-be dictators. If our politicians cannot reveal higher qualities of leadership and inspiration, there is a real danger that they may find themselves faced not merely with troubles abroad, but with a weakening of political stability at home. On that stability our influence in world affairs depends.

AMERICAN RECOVERY

THE attention of America is on politics, and between now and November 3rd little else will be heard. The subject-matter of politics in America, as elsewhere, is almost entirely economic, but the economic issues are couched in strangely general terms. The Republicans are going to battle under the banner of "Liberty and the Constitution" (and it may be added that their concept of liberty is almost as exotic as the Constitution) while the President is once more raising the standard of "the Forgotten Man" against the "economic royalists." The one specific economic issue, that of recovery, is being thrust somewhat into the background. Governor Landon has, it is true, accused Mr Roosevelt of "fumbling with recovery." But neither side is making a major issue of recovery, neither side is uttering threats of grass growing in the streets if the other is elected. The truth seems to be that the degree of recovery since 1933 has been sufficient to prevent the Republicans from attacking Mr Roosevelt on that score, but not enough to serve as the basis for any very triumphant boasts on the President's part. That recovery has ceased to be a hot party issue is itself a very significant economic fact, for it indicates that the period of acute apprehension is past. And when that state of mind is reached, recovery can be said to be firmly established.

The current crop of business indices is almost uniformly favourable. Most of the indices, that is to say, are moving upwards, although some of them are still very low and some of them are moving very slowly. The official index of industrial production for May was above the base level of the average of 1923-25; and the June figure, expected in the next few days, will probably show a further increase. The index of Business Activity published by the *New York Times* (which has, it is true, a somewhat narrow and volatile composition) has in recent weeks exceeded the calculated "normal" trend line. The profits of a number of large corporations in the first quarter of 1936 were no less than 42.3 per cent. higher than in the first quarter of 1935. In terms of the average of 1925-28, this represents a rise from about 72 per cent. to about 88 per cent. The production of automobiles in June was the highest ever recorded for that month. The value of retail trade in the first five months of the year was more than 10 per cent. higher in 1936 than in 1935. The volume of merchandise shipped on the railways shows an almost equal rate of increase, although this particular index is still a long way below the average even of a period as long ago as 1923-25.

These examples, though they do not cover the whole field, are sufficient to show that the continued movement of recovery is both widespread and substantial. It is no longer a question of searching for bright spots in a dismal picture. The favourable general outlook can be taken for granted and attention can most profitably be directed to those elements which give rise to disappointment or anxiety.

One of these is the still formidable total of unemployment. Much is made in current American comment of the fact that the index of industrial employment has lagged behind that of industrial production. In May, for example, employment stood at 85.7, while production was 100. This divergence, however, is not so startling when it is remembered that the base for both indices is the average of 1923-25. The divergence amounts to about 11½ per cent., which would not seem excessive as the accumulation of a dozen years of technical progress. Nevertheless, though fears of permanently mounting technological unemployment may be groundless, it is undeniable that the volume of unemployment is very large—exactly how large nobody knows. The American Federation of Labour estimates a total of some 10 millions, but this is almost certainly too large. Another private estimate is about 4,000,000 (on a definition of unemployment closely corresponding to the British), but this is certainly too low. The figures of persons receiving relief are still virtually as high as ever. But relief, on the American definition, and unemployment, on the definition usually accepted in Great Britain, are rather different matters. In the absence of any accurate information on the extent of unemployment (i.e. destitu-

tion caused by the lack of wage-employment) it is scarcely possible to do more than aver that the problem exists.

The problem of agricultural poverty, on the other hand, is neither new nor unscarred by experimentation. There were hopes earlier in the season that the cycle of dry years was over and that normal rainfall could be expected. Those hopes have been disappointed, for 1936 is to be another dry year. The afflicted areas are much the same as those which suffered most in 1934—that is to say, the "prairie States" between the Mississippi and the Rocky Mountains—though the present drought has kept rather more to the north than some of its predecessors. It is already officially pronounced to be worse than that of 1934, worse, at least, in its effects, since men and soil are alike becoming progressively exhausted. This drought has created the enormous problem of feeding perhaps a million more destitute rural families than were already on relief. The technical difficulties of providing relief in rural areas are greater than in the cities, but the Administration is taking the most energetic steps to provide relief work, or at least food, in the affected area—as well it may, since the drought States are the centre of Governor Landon's strength. Behind the immediate problem of relief, there is the much larger problem of changing the whole economy of the prairies. It is now almost universally recognised to have been a tragic mistake to break the sod of these States for grain crops. But to depopulate whole areas is not an easy task, especially when they are sovereign States with electoral votes.

It would be easy, however, to exaggerate the effect of the drought on the purchasing power of the agricultural population as a whole and *a fortiori* on the progress of recovery in general. What one farm family loses by drought, another may very well gain in enhanced prices. It is estimated that the total cash income of the farmers in the first six months of the year was some \$325 millions, or 11 per cent., more than in the first half of 1935, when it already showed a substantial increase from the disastrous level of 1932. The drought is a reminder that the permanent problem of American agriculture has not yet begun to be solved. But in the immediate future it is unlikely to disturb the progress of American recovery.

The greatest laggards in recovery are still the construction trades. The steel industry is doing much better, in volume at least, though its outlook is still clouded by the threat of a strike. The building industry, on the other hand, is still very inactive. The indices of contracts awarded show considerable improvement in comparison with last year, but they are still far below normal. In the worst year, building activity was only about 20 per cent. of the pre-depression level, and though it has since doubled it has only made up one-quarter of the leeway. There can be little doubt that a very large demand for housing is accumulating, and that the efforts of the Federal Government have considerably eased the path of the would-be mortgagor. But demand has so far failed to become effective, and rents have not caught up with building costs. Until they do, it is unlikely that a building boom will develop. But it is even less likely that the present rising curve will turn downwards.

The last field for apprehension is in finance. The announcement of the increase in reserve requirements for the member banks of the Federal Reserve system has had no noticeable effect on the credit situation in general, although rates have hardened in the money market. Excess reserves will still be large even after the increase in reserves becomes effective, and the removal of uncertainty about the Board's intentions may even have an inflationary effect. The Federal Budget is further from balance than ever. The financial year just ended, thanks largely to the Veterans' Bonus, closed with a deficit (excluding debt retirements from expenditure) of \$4,361 millions, which is \$731 millions more than the previous record. There is little sign as yet of any unhealthy expansion of credit, but with enormous excess reserves in existence and a very large Budget deficit the possibility of undue expansion, sooner or later, remains.

The immediate outlook for American recovery, altogether, is undoubtedly favourable. There are many fundamental problems to be faced. The banking system is as unstable as ever—if not more so. No progress has been made towards the necessary reorganisation of agriculture to meet

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a changed world situation. Less than none has been made towards adapting the political and constitutional structure of the country for the solution of these problems. A permanent policy for succouring the victims of erratic industrial progress has yet to be devised. No one would underrate the importance or the magnitude of any of these problems. But none of them seems likely to threaten the immediate future of the recovery movement. America can safely turn its attention to the hustings.

OUTLOOK FOR SHIPPING

FUNDAMENTALLY the world's shipping problem is similar to the difficulties of many other industries. The rapid shrinkage in the volume of international trade after 1929 was accompanied by a corresponding fall in the demand for carrying capacity. Since it was impossible to reduce the supply of shipping tonnage as fast as the decline in demand, a fall in freight rates and in the profitability of shipping companies was inevitable. Two factors, however, combined to aggravate and prolong the shipping crisis. Many countries, infected with the virus of economic nationalism, adopted measures tending still further to reduce the volume of overseas trade. Simultaneously, they endeavoured to foster their shipping interests by subsidising both the construction and running of merchant vessels. The recovery of international commerce, consequently, has failed to march *pari passu* with revival in internal trade, and the adjustment of shipping tonnage to demand has been seriously delayed.

A few simple figures may be given by way of illustration. Despite the rapid shrinkage in the volume of international trade after 1929, the world's carrying capacity continued to expand from 68.1 million gross tons in the pre-depression year to 70.1 million gross tons in 1931. Two years thus elapsed between the impact of the depression and the downward turn in the world's shipping tonnage. Incidentally, the volume of British shipping tonnage began to decline in 1930, two years before the capacity of the rest of the world reached its peak. In 1933 the world's shipping tonnage, at 67.9 millions gross, was still only 154,000 tons below the 1929 level. But by that time the volume of international trade was about 25 per cent. smaller than in 1929, and the tonnage of idle shipping capacity amounted to 11.7 millions gross—equivalent to 17 per cent. of the merchant tonnage of the world. Moreover, many of the vessels in commission sailed half empty. Apart from a few sectional agreements, the schemes designed to adjust the supply of tonnage to demand, originating chiefly from this country as the world's largest carrier, foundered on the rock of economic nationalism and vested interests. In the end the British Government decided to follow in the footsteps of other countries by granting a moderate subsidy to tramp shipping and by advancing part of the funds required for the construction of two "prestige" liners for the North Atlantic service.

Since 1933 a slight increase in international trade, combined with the belated reduction in the world's carrying capacity, has resulted in a gradual improvement in freight rates and in the profitability of shipping enterprise. Idle tonnage fell from 11.7 millions gross in June, 1933, to 7.7 millions in 1934 and 5.6 millions, or about 9 per cent. of the world's carrying capacity, in the past year. About one-half of the decline of 6 millions gross in idle tonnage was due to the reduction of the world's carrying capacity from 67.9 millions gross in 1933 to 64.9 millions in 1935. The gradual adjustment of the supply of shipping tonnage to demand has rendered possible closer international co-operation, expressed by the introduction of minimum freight rates on the leading overseas trade routes. The *Economist* index of freight rates has consequently risen by 8 per cent. since June, 1935.

As a result of the advance in rates, coupled with some expansion in the demand for shipping tonnage, the profitability of shipping concerns is slowly improving, and shipbuilders have been able to record a steady increase in the volume of mercantile orders on their books. But, as the following table shows, the burden of the readjustment of shipping tonnage to the lower level of demand has been borne entirely by the United Kingdom:—

BRITISH AND FOREIGN MERCANTILE SHIPPING CAPACITY

BRITISH AND FOREIGN MERCHANT SHIPPING CAPACITY					
	Shipping Tonnage (Thousand gross tons)		British Proportion of World Capacity %	Size of Fleet (1924-26=100)	
June	U.K.	Rest of World		U.K.	Rest of World
1924	19,106	44,913	29.8	99	99
1927	19,309	45,881	29.6	100	100
1929	20,166	47,908	29.6	104	106
1930	20,438	49,170	29.4	106	109
1932	19,672	50,062	28.2	102	111
1935	17,400	47,486	26.8	90	105
1936	17,285	47,779	26.6	89½	106

Source: *Lloyd's Register Book*, 1936-37.

The tonnage owned by the rest of the world in June, 1936, was practically the same as in 1929, while British tonnage had been reduced by 14 per cent. Moreover, while the tonnage owned abroad registered an increase between 1935 and 1936, that of the United Kingdom continued to decline. As a result, the proportion of the world's tonnage owned by the United Kingdom fell from 29.6 per cent. in 1929 to 26.6 per cent. in 1936, compared with 39.2 per cent. in 1914.

Changes in the ownership of the world's shipping tonnage since 1929, apart from sailing ships and barges, are shown in the next table. Excluding the United Kingdom, it will be seen that declines in the tonnages of the United States, France, Germany, Holland and Italy were accompanied by substantial increases in Greece, Norway, Sweden and Japan. Again, three of the last four, with Germany and Italy (where economic nationalism is particularly marked), were alone in registering an increase in shipping tonnage during the past twelve months:—

WORLD'S STEAM AND MOTOR TONNAGE (In thousands of gross tons)

Country	June, 1929	June, 1933	June, 1935	June, 1936
Great Britain and Ireland	20,046	18,592	17,298	17,183
United States (Sea)	11,036	10,088	9,665	9,434
Japan	4,187	4,258	4,086	4,216
Norway	3,218	4,078	3,967	4,054
Germany	4,058	3,888	3,693	3,708
France	3,303	3,470	2,989	2,973
Italy	3,215	3,093	2,858	3,037
Holland	2,932	2,759	2,554	2,507
Sweden	1,480	1,658	1,541	1,507
Greece	1,267	1,417	1,711	1,801

World

Source: *Lloyd's Register Book*, 1936-37.

Apart from tankers, lake vessels, ships of less than 4,000 tons gross and tonnage over 25 years old, there remains in 1936 a world tonnage of 30.0 million gross tons (against 30.2 million gross tons in 1935) of large, efficient ocean-going vessels, available for general cargo and passenger purposes.

Our final table reveals that, although the British proportion of the world's total carrying capacity is now only 26.6 per cent., our proportion of large, efficient vessels still exceeds one-third of the world total. Japan, Italy and Norway are the only countries which have secured an

increasing proportion of efficient tonnage during the past twelve months.

LARGE OCEAN-GOING TONNAGE (In thousands of gross tons)

Country	June, 1935 Tonnage	June, 1935 Percentage of World %	June, 1936 Tonnage	June, 1936 Percentage of World %
Great Britain and Ireland	10,899	36.1	10,818	36.1
United States	5,339	17.7	5,148	17.2
Germany	2,259	7.5	2,194	7.3
Japan	2,133	7.1	2,168	7.2
France	1,710	5.7	1,692	5.6
Italy	1,682	5.6	1,840	6.1
Holland	1,479	4.9	1,378	4.6
Norway	1,005	3.3	1,016	3.4
World	30,175	100	30,000	100

Source: *Lloyd's Register Book*, 1936-37.

To-day the prospects of the shipping and shipbuilding industries are not, in themselves, wholly unfavourable. International trade is slowly expanding, especially between countries with depreciated currencies. Replacement demand for shipping tonnage is likely to rise, for the running costs plus fixed charges of new vessels are now below those of many older vessels still in commission. But the share in the demand for new tonnage secured by British builders may not be governed wholly by considerations of relative efficiency. Thus, Germany is building ships for foreign (including British) owners to unfreeze blocked marks. Economic nationalism remains the greatest barrier to a widespread and healthy revival in British shipping. As Lord Essendon pointed out in a lucid address to the shareholders of Furness, Withy and Company, which is discussed on page 229, "every maritime nation seems to be determined to increase its merchant marine, but has hitherto not shown commensurate keenness to increase the trade which those ships are designed to carry." New warships may provide employment (of a specialised kind) for shipyards; but they earn no freights.

GERMANY'S RE-ARMAMENT

1.—FINANCE

(BY A CORRESPONDENT)

GERMAN expenditure on armaments has been much discussed during the past year. The figures given by different newspapers vary from a maximum of about 35,000 million Reichsmarks to a minimum of about 10,000 million Reichsmarks. Mr Winston Churchill, speaking in the House of Commons, recently gave a figure of about 20,000 million marks. The disparity between these estimates is partly due to the German habit of throwing a veil over the actual expenditure on armaments. The Budget is not published, and the exact military expenditure out of State revenues is not known. Official statements on the total indebtedness of the Reich exclude the large amount of "employment-creation bills," on the ground that they are not yet an actual debt. Moreover, the distribution of the sums spent on armaments and on non-military public works respectively is not clearly specified. If to these obstacles are added different views about what should be reckoned as expenditure for military preparations, and different methods of computing the total re-armament cost, it is not surprising that the estimates oscillate between very high and very low figures. Very great discrepancies likewise arise from the exclusion or inclusion, as the case may be, of expenditure on the semi-military organisations or on industrial investments for armament purposes. To get a clear picture it is important to differentiate these various forms of re-armament.

The following discussion is confined to uncontested figures published in Germany and to their consistency with other facts of the general economic situation. Having submitted the statistical material one may leave the reader to take into account the question of the general credibility of the official figures.

Whether 10,000 or 20,000 million marks is the correct figure for German re-armament expenditure, it is at any rate a huge amount to be drawn off from a national income which is much smaller than the national income of England. How has Germany contrived to finance expen-

liture of such magnitude at the bottom of a very severe depression? She has tapped and nearly exhausted three financial sources: (1) she increased actual and "future" short-term debts; (2) she issued long-term loans and sold public assets; (3) she devoted higher proportions of her increased revenues to military objects. These three methods of securing the necessary funds may be briefly described.

(1) The German Institut für Konjunkturforschung has stated that the total amount of short-term bonds issued from 1933 to 1935, after allowing for amortisation, reached about 8,000 million marks. Most of the total of the 3,000 millions are discounted by the Reichsbank, which had in its portfolio about 500 million "employment-creation bills" in December, 1933; about 1,600 millions in December, 1934; and about 2,000 millions in 1935. The Reichsbank deposited in addition about 1,200 millions in the Golddiskontbank (affiliated to the central bank) and about 400 millions in the clearing and conversion fund. The remainder is held by industry, credit banks, savings institutions, etc. The tempo of issue accelerated from 1,000 or 2,000 millions in 1933, to 2,000 or 3,000 millions in 1934, and over 5,000 millions in 1935. General evidence would suggest that the tempo has not been greatly diminished in 1936.

(2) Additional funds came from long-term issues, of which 2,000 millions were placed in 1935 to consolidate a part of the short-term debt. (Another loan of 700 millions was issued in July, 1936.) Loans of 500 to 1,000 millions from the two preceding years have to be added. These 3,200 or 3,700 millions were partly offset by repayment of foreign debts and by the depreciation of foreign currencies in creditor countries, amounting to about 1,500 millions. Thus the total consolidated Reich debt, which declined slightly between 1933 and June, 1935, had risen by December, 1935, by about 1,500 millions. In the same period the officially recognised short-term debt increased from 1,200 millions to 3,000 millions, and the total Reich debt from 12.1 to 14.7 millions. But the "employment creation bills" and "tax credit certificates," which are a future obligation of the Reich, are not included.

(3) Budget figures for 1935-36 not having been published, it is difficult to say how much the Budget contributed to the increased expenditure. In the autumn of 1935, however, the Minister of Finance stated that reduced expenditure for unemployment relief, etc., and increased revenues had expanded his available resources by about 5,000 million marks since 1933. The revenues from taxes and duties show an increase from 5,000 millions in 1933 to 7,200 millions in 1935. How much of this surplus revenue was spent on the Army, Navy and Air Force cannot be precisely ascertained.

Thus, revenue receipts in excess of previous years, increase in the long-term debt, and bill financing, provided an additional sum of at least 15,000 to 17,000 million marks, which has been at the disposal of the Reich for extra military and social works since Herr Hitler came into power. But not the whole amount was used for direct re-armament. Important sums were spent on normal repairs of roads, allowances for residential building, and purely social measures. It seems that we shall not be far out if we put the Government's expenditure on all these items at about 4,000 to 5,000 millions. This sum must be excluded from any estimate of armament expenditure. On the other hand, allocations for subsidising important raw material industries like copper, petrol, iron ore, staple fibre and rubber should be reckoned as for armaments, in the same way as allocations for the strategic roads.

Following the officially recognised figures given by German sources we come, then, to the conclusion that the Reich spent in the period 1933-1935 at least between 10,000 and 12,000 million marks on building up a larger Army, Navy and Air Force, on fortifications and on industrial and other purposes ancillary to re-armament in the widest sense of the term. The real effective value of this enormous expenditure cannot easily be ascertained, because some of the work is done by compulsory labour and such workers are paid wages below normal rates. Certainly, the British Government could not achieve the same real effect by spending the equivalent sterling amount.

There is another question connected with Government expenditure on armaments: the secondary effects on war-

material industries. The Government's methods of building up these industries are various. Armament orders have often been given on condition that the firm should erect new plants in the centre of Germany, prices being so calculated that the additional costs could be covered. The money value of such migration of industries to protected zones cannot be calculated. Secondly, the Government compelled industry to erect new plant, especially for the supply of petrol and textile substitutes. An estimate of the amount of investment in industrial re-armament must contain a still larger element of guesswork than the estimate of the Government's direct expenditure on re-armament. A careful consideration may lead to the following conclusion; the total capital investment (omitting stocks) for the three years 1933 to 1935 amounted to 25,000 million marks (5,300 millions in 1933, 8,700 millions in 1934 and 11,600 millions in 1935). Capital investment of 11,600 millions in 1935 is not very excessive, and after allowances for the lower price level only slightly exceeds the figures of 1928. But this investment now forms a much larger proportion of the national income than before, and the direction of investment was fundamentally altered. The public authorities' acknowledged share in the gross investment rose from 25 per cent. in 1932 to about 50 per cent. in 1935, or absolutely from about 1,000 to 5,800 millions. Of the period's net investment perhaps 5,000 millions may be reckoned as spent on the expansion of armament industries, whereas 17,000 millions were perhaps invested in normal industrial replacements, agriculture, wholesale and retail trade. The addition to stocks of raw material and unfinished goods did not correspond to the increase of fixed capital, since the exigencies of Germany's import and export industries prevented her from replenishing stocks sufficiently. Nevertheless, the value of stocks for industry is probably about 1,000 million marks more than in 1933.

To sum up, it is not an over-estimate to say that the German Government spent between 10,000 and 12,000 million Reichsmarks directly or indirectly on armaments in the years 1933 to 1935; and that industrial re-armament caused an investment of perhaps 5,000 to 6,000 million Reichsmarks. Mr Winston Churchill, supposing that the total capital investment after deduction of investments in residential buildings was devoted to warlike preparations, advanced a figure of 20,000 million marks. But on the basis of German statistics it can easily be shown that a considerable amount of investment did not directly concern re-armament, and that a further amount represented only normal replacement.

The number of persons employed in Germany rose by 2,600,000 between April, 1933, and April, 1934; a further 600,000 between April, 1934, and April, 1935; and another 500,000 between April, 1935, and April, 1936. On the assumption that all these additional workers were paid out of re-armament expenditure at an annual rate of 1,500 marks per head, their total wage bill for the three years would run up to about 14,000 million marks. To this wage bill we must add profits, depreciation and the value of raw materials. This assumption is, of course, an extreme one; but on the other hand, we must remember that many workers formerly employed in producing non-military goods are now producing armaments goods. The armaments boom, however, must have had very considerable secondary effects in stimulating the output of non-armament industries. If we take the facts as a whole, a total sum of 10,000 to 12,000 million Reichsmarks as a minimum figure for armament expenditure is not an unreasonable estimate.

THE HAGUE RULES

AFTER many postponements, the United States Congress this spring passed a measure bringing into operation the international standard conditions for bills of lading known as The Hague Rules. President Roosevelt signed this measure—the Carriage of Goods by Sea Act—on April 16th, and it took effect three months later, namely on July 15th last. As a result, contracts for the carriage of goods by sea, as expressed in bills of lading, are now standardised in the United States, the United Kingdom, Australia, India, British Colonies, Protectorates and

Mandated Territories, and, finally, in Belgium. They should shortly be standardised, also, in a number of other maritime countries, which have been postponing the adoption of the Hague Rules pending the passing of legislation by the United States.

If this hope is realised, the culmination will be seen of a world-wide movement which originated fifteen years ago. The beginnings of this movement were described in the *Economist* of November 19, 1921. Its aim was to put an end to a controversy which had existed for half a century between shipowners and shippers of cargo about the conditions on which goods should be carried by sea. This controversy concerned not only the actual parties to the contract, but also merchants (to whom bills of lading were endorsed), underwriters and bankers. The bankers, especially, who handled large quantities of shipping documents in connection with c.i.f. contracts, were strongly in favour of a scheme which promised far-reaching simplification of their work. Though there had been great diversity in the forms of bills of lading, all had had one leading characteristic. By various kinds of "negligence clauses" they relieved shipowners from liability in respect of the goods carried. When pilferage of goods in transit became rife after the war the controversy over terms of bills of lading became more acute, and shipowners, recognising that the irritation of their customers was bad for business, were disposed to come to a new understanding.

An opportunity was taken to broach the matter at a conference of the International Law Association at The Hague in 1921. The United States already, in its Harter Act, had made the shipowner responsible for safe carriage, but freed him from certain risks. Some of the British Dominions had also adopted similar legislation, and various measures were under discussion in other countries. In view of the prospect of a confusing diversity of legal rules, the bold step was taken of putting forward a scheme for a self-contained set of conditions of carriage to be voluntarily incorporated in bills of lading issued in all countries. All interests and nationalities were represented; and under the tactful chairmanship of Lord Merrivale (then Sir Henry Duke) the details were adjusted and the Hague Rules were offered to the world.

To a considerable extent the experiment succeeded. The Rules making the sea carrier responsible for the period of

the voyage, while freeing him from certain risks of navigation, were incorporated in many bills of lading. But cross currents and sectional objections developed. The mere fact that shipowners had proffered concessions made some traders suspicious, while, conversely, some shipowners feared that they had gone too far and offered too much. The representatives of particular trades were doubtful whether their requirements had been met, and from some quarters came a demand for legislation. Hope of voluntary international agreement gradually faded. The Rules were revised and embodied in an international convention, which each country was left to bring into effect by national legislation.

Accordingly, the relevant countries legislated to that effect. Holland also adopted the Rules, but in a modified form. Other countries continued to discuss the project, but waited for the United States to act. Protracted negotiations ensued to meet the opposition of sectional American interests, conducted under the leadership of Mr Charles Haight of New York. Successive Bills introduced into Congress met with less and less opposition; and, finally, this year, success was achieved. France has also recently legislated on similar lines to those followed by the Netherlands.

At the meeting of the Baltic and International Maritime Conference last month it was stated that countries which accounted for about 60 per cent. of the world's shipping tonnage had accepted the Hague Rules; and 80 per cent. were likely shortly to be governed by one maritime law. Canada will follow the United States; and the Rules will probably also be enacted in the Scandinavian countries and in Italy. Germany and Japan may well follow suit.

Thus the movement for the adoption of the Hague Rules may shortly attain the desired goal of standardisation. For the period of the voyage the responsibility of the carrier-by-sea is prescribed, the insertion of any clause reducing his liability being prohibited. The carrier's responsibility is not to exceed £100 per package or unit, or the equivalent in some other currency, unless a higher value has been declared before shipment. In this way, the interests not only of the cargo owner but also of third parties, to whom the bill of lading may in the course of business be negotiated, are protected by assessment on a basis which cannot be reduced by any qualifying clause. In a world of conflicting legislative restrictions, this is no mean achievement.

NOTES OF THE WEEK

The Government and Foreign Affairs.—The Liberal Party on Monday, the nineteenth Supply day, put down the Foreign Office vote for debate. Mr Eden began by explaining that the absence of an "early and constructive reply" to "certain questions . . . neither acrimonious nor inquisitive" to the German Government had impelled His Majesty's Government to call a further meeting of the three Locarno Powers who had agreed to the London arrangements of March 19th. (The Locarno Conference is discussed in a succeeding Note.) Mr Eden reviewed the new Straits Convention; and then announced that the Government had decided, in view of recent Italian assurances to Greece, Turkey and Yugoslavia that no Italian aggressive designs were harboured against them, to suspend the British assurances to the three smaller Mediterranean Powers. (Mr Eden, in effecting this "climb-down," omitted to state that it was the British Government which first asked for assurances of assistance from these three smaller Powers.) The Foreign Secretary carefully refrained from comment on the Danzig problem, leaving it to Poland; he then passed to the vexed question of reform of the League. Here Mr Eden, despite an urgent request from Mr Lloyd George for a statement of Government policy, could only say that the Government were in favour neither of universal and automatic obligations to take military action nor of shearing the Covenant of all coercive provisions. The Government would not propose "any drastic amendments of the main structure of the Covenant." He excused the lack of a clear Government statement by

reference to the proposed Five-Power Conference, which might be "prejudiced." Mr Eden concluded with an explicit undertaking that the armaments of this country would never be used by the Government "for any purpose inconsistent with the Covenant and inconsistent with the Pact of Paris." On behalf of the Liberals, Sir Archibald Sinclair supported the Government's plans for a general European settlement, but deplored the Government's vague attitude to the future of the League. He urged that "the only complete solution" of the problems facing Italy and Germany "lies in the free movement of capital, goods and men over the surface of the globe." He said he saw no value in a Locarno Treaty supplemented by a Western Air Pact except on two conditions: it must lead to some immediate and substantial measure of disarmament; and it must be immediately followed by a further conference in which Russia could be accorded by Germany, Britain and all the other Powers the same equality and fairness of treatment as Germany was now rightly claiming for herself. The Labour Party refused to vote the estimate, for the same reasons which prompted them to refuse to vote the Defence Estimates: that they had obtained no satisfaction on the Government's foreign policy. This drew a castigation from Sir Austen Chamberlain, who roundly accused Liberals and Labour alike of inconsistency and vagueness greater than the Government's. Mr Eden made a spirited plea for national unity; but on foreign policy the Labour Party divided the House.

A Batch of Government Decisions.—On Wednesday, Mr Eden informed the Commons that Government inquiries had established that Heligoland was now being fortified by Germany, in unilateral contravention of the Treaty of Versailles. The Government's reason for saying and doing nothing about it was that negotiations were on foot which "may lead to a fresh effort at European settlement, in which Germany may play her full part." Therefore, said Mr Eden, "individual matters of this kind, though they cannot pass unobserved, should not be raised at a moment and in a manner which might react unfavourably on the negotiations." Mr Garro-Jones put his finger on the more probable reason for the Government's shyness: Had not the Government condoned German naval rearmament in last year's Anglo-German Naval Agreement? At the same time, Sir Samuel Hoare informed the House of the Government's decision to give the orders for the two new battleships of the 1936 programme, without fixing prices beforehand, to Vickers-Armstrong on the Tyne, and to Cammell Laird at Birkenhead. Their keels cannot be laid till after the Washington Treaty expires at the end of this year. The need for haste in drawing up specifications, which would be ready by October, had necessitated this deviation from the normal practice of drawing up specifications and fixing prices before awarding contracts. The Admiralty would examine the two firms' estimates of costs when specifications were ready; and in the event of disagreement on prices, the First Lord of the Admiralty was to decide. On the same day, but "in another place," in debate on a motion by Lord Ponsonby asking the Government to press at the League's autumn session for the removal from the Covenant of any obligations to use force, the Lord Privy Seal, Lord Halifax, announced that the Government could not formulate any clear policy about League reform till they had had time for the fullest consultation with the Dominions. But he did say that, of "the principles which we wish to serve," the first was that there must be "a collective plan," and the second was that in any such system the purpose must be the prevention of war and the deterrence of aggression. (In this connection he advocated strengthening the "preventive" Article XI by making its efficacy no longer dependent on a unanimous vote.) The third principle was to perfect means of discussing and settling the causes of war. "Especially is this true of those economic maladjustments in the world order to-day." No one yet knows how the Government proposes to serve these principles.

A New Locarno?—The one day meeting of the three West-European Locarno Powers on July 23rd, resulted in a definite plan of action which has been made public. The British, French and Belgian Governments envisage two successive steps: first, a conference in the early autumn between all five parties to the Rhine Pact of Locarno for the purpose of negotiating a new agreement to replace the Rhine Pact, "and to resolve, through the collaboration of all concerned, the situation created by the German initiative of March 7th." If this first step proves successful, it is proposed in the second place to convene a conference with a larger membership for facilitating "the settlement of those problems the solution of which is essential to the peace of Europe." The nature of this ultimate objective is described thus: "The main purpose to which the efforts of all European nations must be directed is to consolidate peace by means of a general settlement. Such a settlement can only be achieved by the free co-operation of all the Powers concerned; and nothing would be more fatal to the hope of such a settlement than the division, apparent or real, of Europe into opposing blocs." This statement of the conditions for a genuine appeasement and a lasting peace in Europe is wholly admirable. But there is a potential contradiction between this clear recognition of the truth that, at any rate for Europe, the problem of peace is indivisible, and the proposal to take two bites at the cherry. This potential contradiction need never, of course, become practical politics; but that depends on the fulfilment of two conditions. First, the Western Powers must be resolute in their purpose to secure a settlement for Europe as a whole; secondly, the Central Powers must be

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sincere in entering into negotiations with this intention. Evidence of this danger of incompatibility is already furnished by the shy reception of the three Powers' invitations by the Nazi Government; and there is a noticeable tendency for Rome and Berlin to pose joint conditions before agreeing even to attend the (first) Five-Power Conference. A crisis will arise if, in the preliminary Five-Power conference between the Western and the Central Powers, it becomes evident that the former can persuade the latter to treat with them at the price of a tacit agreement, on the Western Powers' part, to leave Central and Eastern Europe at the Central Powers' mercy. We cannot win peace, either with honour or with security, if we stoop to bargain for it at someone else's expense. The Government's attitude on this point will be the acid test of their sincerity in the great European enterprise on which they are embarking.

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Good Progress at Cairo.—At Cairo on July 24th, the British and Egyptian delegations initialised an agreed text of the military clauses of the Anglo-Egyptian treaty now in process of negotiation. The conference has proceeded to tackle the problem of the Sudan, and—if and when the discussions on this head have the same happy ending—the way will be clear for the conclusion of a comprehensive Anglo-Egyptian agreement. The other issues left open in the unilateral British declaration of 1922 have already been settled by agreement in the course of the several attempts between 1922 and the London negotiations of 1930—culminating in the opening of the present negotiations. The initialling of the military clauses is an achievement on which all parties concerned deserve the heartiest congratulations. Since it has been wisely decided to refrain from piecemeal publication until the whole treaty is complete, it would be idle to speculate on the details of the military chapter—particularly as Mr Eden warned the House of Commons on Monday that unofficial accounts of the terms should be received with caution. We may, however, assume that the British military, naval and air authorities have contributed to make the presence of British armed forces on the territory, and in the territorial air and waters, of Egypt, as little visible and as little burdensome as possible; and that the Egyptian delegation have waived any objection which they may previously have had against any arrangements for effective British participation, together with Egyptian armed forces, in Egypt's defence. It is evident that the main factor in the present success must have been the emergence of a new spirit of Anglo-Egyptian reciprocal confidence and goodwill. This is the best possible augury for a similar success, within the next few weeks, in the negotiations about the Sudan. For the past twelve years the Anglo-Egyptian Sudan has been administered and garrisoned exclusively by the British partner in the condominium (as far as the work has not been done, as it is now being done to an increasing degree, by the Sudanese themselves). This *de facto* situation is the result of the removal of the Egyptian personnel from the administration and the garrison of the Sudan in 1924. This, in turn, was the result of a loss of mutual confidence and goodwill which, on the British side, was caused by the subversive activities of certain individual Egyptians in both the Sudan and Egypt—activities which culminated in 1924 in the

assassination of Sir Lee Stack, the Governor-General of the Sudan and Sirdar of the Egyptian Army. The British Government have never, however, ceased to acknowledge Egypt's rights in the Sudan as a *de jure* partner in the condominium. Accordingly, there will be no legal obstacles to prevent the present happy restoration of confidence between Great Britain and Egypt from leading to a settlement about the Sudan.

* * *

The Spanish Revolt.—Clearly lacking any spontaneous popular support, the rebellion in Spain can now be seen in its true proportions. In Barcelona and Madrid shops and offices are open; the Government announces the severest penalties for looting and violence to property. A certain amount of wanton destruction of churches took place, however, in Catalonia, in the first few hectic days. Local authorities have been empowered to take over all educational establishments of the religious orders. Despite tendentious reports to the contrary, there is—at present, at any rate—no sign of mob rule. Savage fighting continues, but, save for Spanish Morocco and pockets of territory in Andalusia and the North, the rebels have failed to establish themselves in any vital centres. The early capture of Seville and Cadiz by the rebels in the South, and the progress of the rebel General Mola's forces from Navarre and Aragon to join with the main rebel body from the north-west, seemed at first to bear out the rebel claim of convergence on the capital to "starve Madrid into surrender." The second week of civil war has seen several sharp and bloody engagements in the mountain passes of Guadarrama, not thirty miles from the capital; but the Government has skilfully averted any danger of being caught in the pincers. (It is not for nothing that President Azaña is an authority on military strategy.) By military successes in the south-east last week-end, the Spanish Government's forces secured complete road and rail communications with the all-important eastern littoral. From Valencia, Alicante and the coastal region down to Malaga, the committee under Señor Martínez Barrio, President of the Chamber, and under the Minister of Agriculture, can guarantee supplies; and the authorities in Madrid are now able to finance and organise, unhindered, a citizen army which looks as if it would turn the scale.

* * *

—A Ding-Dong Struggle.—San Sebastian seems to be now in the hands of the Government; and Saragossa, the main stronghold of the rebels in the north, is being besieged from south and east. Desperate encounters are still reported from the south, between Gibraltar and Malaga. And the rebel General Franco seems to be staking all on the conveyance to his confederates in South Spain of sufficient reinforcements of coloured troops from Morocco. The Government's fleet makes this conveyance—now being carried out in dribbles by air—a perilous and slow proceeding; and the rebel General has made persistent protests against the use by Government warships of the bay at Tangier. If we are to judge by an interview he gave to a correspondent of a London newspaper, he ultimately expects some kind of intervention by the Powers to secure Spain for the Fascist rule of a military *junta*. But it is devoutly to be hoped that the French and British Governments will not depart from the strictest observation of international law—which not only prescribes non-intervention, but also abstention from any acts, save those justifiable only by reference to the other country's own security, which might hamper the Government of a friendly State in suppressing a rebellion. The Press of the German and Italian dictatorships have already openly espoused the rebel cause in Spain. This may reflect a natural desire to see the piece of Morocco, which General Franco and his confederates have "jumped," thrown once more—by grateful rebels—into the diplomatic market for African territory. And doubtless the British and French Governments have taken due note of these German and Italian straws in the whirlwind which has descended upon Republican Spain.

Canada Reminds Europe.—On Sunday, His Majesty made his first visit to France since his accession, in order to unveil the Canadian National Memorial on Vimy Ridge to the Canadians who fell in France, but who have no known graves. Vimy Ridge, lying within the triangle formed by Lille, Arras and Béthune, was the objective which the Canadian Army Corps, under General Byng, captured after a sanguinary action in April, 1917. The King expressed thanks to the President of the French Republic for its gift for all time of the piece of "ancient Artois" on which the memorial stands,—"upon soil that is as surely Canada's as any acre within her nine Provinces." Mr. Mackenzie King, Prime Minister of Canada, in his speech relayed from Canada, asked that the nations of Europe should strive to bring into being a world at peace: "A world at peace is the only memorial worthy of the valour and the sacrifice of all who gave their lives in the Great War." And President Lebrun reminded those who were listening all over the world that the fallen Canadians "agreed to sacrifice their lives not for the satisfaction of material interest, but for the beauty of an ideal." The King pointed the moral: "It is one of the consolations which time brings that deeds of valour done on those battlefields long survive the quarrels which drove the opposing hosts to conflict." The Canadian British who fell in 1917 repaid to France the French blood which the English, under General Wolfe, spilled on the heights of Abraham in 1759 when they took Canada from French hands. We may trust that the bonds between French and British in Canada, now consecrated anew by the memorial to the Canadians' sacrifice in the last war, will prove of happy augury for other "opposing hosts."

* * *

Another "Queen Mary."—It was announced in the House on Tuesday that the Chancellor of the Exchequer had received specific proposals from the Cunard White Star Company, and had agreed to Treasury advances, under the North Atlantic Shipping Act, for the building of a sister ship to the "Queen Mary." The company had supplied the Chancellor with "evidence" showing clearly that technical and commercial considerations oblige them to place the contract with John Brown and Company, Ltd., the builders of the "Queen Mary"; and he had agreed to that course. It was always foreseen that the "Queen Mary" by herself would not be an economic proposition. Two such big ships were needed to secure the economies of larger accommodation on a fast weekly shuttle-service both ways; and the reclassification of the North Atlantic Conference ratings last year, which the Cunard White Star Company effected, was to enable two such ships to sail every week with all classes of passengers. But this week's news, though welcome, raises one or two queries. Will the Government continue in future to do what Lord Essendon has just described as assisting shipbuilders rather than shipowners? Do the "technical and commercial considerations" which have obliged the Cunard White Star Company to place the new contract with the builders of the "Queen Mary" imply that the sister ship will be an identical twin? If so, it would be a pity; for the "Queen Mary" is really an old design—the plans were apparently drawn up five years ago; and the "Normandie" is a much more modern-looking, more streamlined, more æsthetic piece of work. Perhaps, too, the "Queen Mary's" sister, if she is a younger sister, will be turned out a little more decoratively and less as a *bourgeoise*. She may even be faster.

* * *

The Overcrowding Survey.—The peculiar value of the Report of the Overcrowding Survey, which has been published this week, is that its figures cover not merely those families who transgress against the official definition of overcrowding, but also of all other families. It is consequently a real mine of information on housing. The number of families found to be living in overcrowded conditions is 341,554. The definition is that of the Act, which lays it down that, subject to separation of the sexes, one room may not serve as a dwelling for more than two persons, two rooms for three persons, three rooms for five persons, and

so forth. Children under ten are counted as half a person or, if under one year, as no person at all. Similarly, a standard room is one between 70 and 90 square feet, anything larger or smaller than that being counted as more or less than one room. How completely the volume of overcrowding depends on the precise definition is shown by the fact that there are a further 380,000 families which, if half a person larger, or inhabiting a dwelling half a unit smaller, would be overcrowded. Moreover, these overcrowded families are larger than most. They consist, on the average, of 5.60 "units," as against 3.11 "units" for uncrowded families. Indeed, the Survey brings out very clearly the fact that overcrowding is caused by poverty among large families. The Report makes the tentative estimate that 200,000 new houses will be needed to remedy the overcrowding revealed. Most observers less rigidly restricted by the statutory definition would accept that figure as a first instalment only.

* * *

The Palestine Commission.—The personnel of the Royal Commission which is to visit Palestine and investigate the underlying causes of the present deplorable situation was announced in the House of Commons by the Colonial Secretary on Wednesday. Lord Peel is to be chairman, Sir Horace Rumbold vice-chairman, and the members are to be Sir Laurie Hammond, Sir Morris Carter, Sir Harold Morris, and Professor R. Coupland. There is plenty of administrative experience on this Commission, and there need be little fear that it will be intimidated by the extremists of either party. Whether the Commission will have the sympathetic imagination necessary to understand the psychologies of two very different peoples, both of them ill-comprehended by the educated Englishman, is a little more doubtful. The Government are persisting in their decision that the Commission shall not go out until order is restored. Mr. Ormsby-Gore also refused to appoint a woman to the Commission, pleading the religious susceptibilities of the more conservative Arabs, and in the circumstances both decisions are doubtless wise. All sections of opinion will wish the Commission well. It is futile, however, to hope that the Palestine question can be solved by any impartial finding of facts or mere advocacy of compromise. Sooner or later the British Government will have to take critical decisions of policy. If the Commission assists to that end it will have done good. If it is merely a device to postpone decision, it will be a waste of time and energy.

* * *

Rising Prices in France.—The French Government of the Popular Front are pledged to maintain the gold parity of the franc at the same time as they are energetically engaged in "reflating on gold" by borrowing from the Banque de France and the public. The combined effects of the new social legislation and the financing of Budget deficits by borrowing are rapidly becoming visible. Since the policy of "reflation on gold" was adopted twelve months ago, increases of more than 50 per cent. have been registered in the wholesale prices of foodstuffs quoted at the central food market in Paris, including steep rises in the prices of butter, meat and eggs. Retail prices are following suit. The bakers were allowed to advance bread prices by 10 centimes to 1.70 francs per kilo. after the passing of the Act which fixed a 40-hour week; but they now state a new rise is necessary. Grocers are also demanding increases of 10-15 per cent. in prices. The Government tabled a Bill on Tuesday, already approved by the Chamber Committee for Civil Legislation, the preamble of which declares that prices need not rise in direct proportion to the rises in real wages effected by the Government's social legislation, and that—in view of the fixed charges for rent, obsolescence, executives' salaries, fuel and power, transport and public services and the falling rate of interest—wholesale and retail prices need not rise substantially above present levels. The Bill provides a National Committee, presided over by the Minister for National Economy, and Committees in the *Départements* presided over by the Prefects, which are to control wholesale prices of goods of "prime necessity," a list of which is to be prepared by the Minister. After a

warning for any initial transgression, manufacturers, wholesalers and retailers may be fined up to £130 or imprisoned up to one month. Thus, the Government have decided to tread the slippery slope of general price control; but that declivity is dangerous, not so much because of the effects of the social legislation on costs, as because of the initial incompatibility of the Government's currency and financial policies. Maintenance of the gold franc alongside credit inflation, Budget deficits, declining revenues, falling foreign trade, and costly social legislation is a task before which Sisyphus might have blanched. Not so M. Blum and his colleagues. Is theirs the courage of despair, or shrewd preparation of a state of affairs in which devaluation becomes inevitable? If the latter, M. Blum, after his success with the cry "*Va Banque!*" is staking the future of the Popular Front Government on higher play.

* * *

Volume of Overseas Trade.—The Board of Trade's quarterly calculation of changes in the volume of our overseas trade, published last week, reveals that the downward trend of British exports, which began in the first quarter of 1936, continued during April-June. Although the volume of British exports in the past quarter was only 1.1 per cent. smaller than during the corresponding period a year ago (owing partly to the application of sanctions against Italy) the decline is nevertheless disappointing. The fall in exports, most marked in the case of raw materials and partly finished articles, has been accompanied by a slight rise in average values:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS

Period	Retained Imports				Exports of Domestic Produce			
	Declared Values	Index of Average Values	Values in terms of 1930 Values	Index of Volume	Declared Values	Index of Average Values	Values in terms of 1930 Values	Index of Volume
	£ Million	1930 = 100	£ Million	1930 = 100	£ Million	1930 = 100	£ Million	1930 = 100
1924 ...	1,137	135.0	842	88.0	801	120.8	663	118.2
1930 ...	957	100.0	957	100.0	571	100.0	571	100.0
1931 ...	797	81.0	984	102.8	391	89.4	437	76.5
1932 ...	652	75.3	887	90.3	385	83.3	438	76.8
1933 ...	627	71.3	878	91.7	387	81.9	447	78.7
1934 ...	681	73.3	929	96.9	398	82.2	482	84.4
1935 ...	702	75.0	936	97.8	426	81.8	521	91.2
1935 1st quarter	164.4	74.1	221.4	92.8	105.5	81.6	129.2	90.6
2nd "	166.1	73.1	227.0	95.0	101.0	81.1	124.4	87.3
3rd "	168.4	74.5	228.0	94.5	105.3	82.1	128.3	89.9
4th "	201.6	77.5	259.7	109.3	110.0	82.2	134.8	97.3
1936 1st quarter	184.5	76.6	240.7	100.6	106.1	82.1	129.2	90.5
2nd "	185.9	76.7	242.3	101.3	101.8	82.7	123.1	86.3

In contrast to exports, the volume of retained imports in April-June, compared with a year ago, showed an increase of 7 per cent. The increase was particularly marked in retained imports of raw materials and partly-finished products, which rose by 15½ per cent. The volume of foodstuffs imported was also larger, but purchases of manufactured articles increased by only 2 per cent. compared with the second quarter of 1935. But retained imports of certain finished articles, including machinery, electrical equipment, chemicals and timber manufactures, showed an appreciable increase over the second quarter of last year. The volume of machinery (including machine-tools) purchased abroad to supplement home production, for example, rose by 37 per cent. The trend of the prices of imports has been strongly upwards, the average value of purchases abroad having increased by 5 per cent. since April-June, 1935. The buoyancy of our import trade is satisfactory, but unfortunately there are no signs of a marked expansion of exports in the near future.

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Britain and the Steel Cartel.—The negotiations on the details of the agreement between the British Iron and Steel Federation and the Continental Steel Cartel have taken more than a year, but they are now satisfactorily completed, and Britain becomes a fully-fledged member of the Cartel until August 8, 1940. The last and most difficult part of the negotiations was the creation of the international thin-sheet syndicate. In this class of product there had hitherto

been no international organisation of any kind: in France, indeed, there was not even a national *comptoir*. The syndicate, however, has now been formed, and will begin to operate from August 1st. In its general lines the agreement follows the main series of agreements. The year 1934 is taken as base, and the orders for thin sheets are shared between the countries in the same proportion as they shared the trade in that year. In black sheets the British and Belgian proportions are each 28 per cent., the German is 23 per cent., and the remainder is divided between France, Luxemburg and Poland. In galvanised sheets Britain and Belgium share 90 per cent. of the trade and Germany gets 6 per cent. The choice of 1934 as a base year is more favourable to Britain, in this class of products, than it has been in the agreements as a whole. The formation of the syndicate, of course, is likely to lead to a firmer export price structure. Meanwhile, the release of the British industry from the danger of foreign competition has been signalled by an advance of thin sheet prices to home consumers of ros. a ton, the equivalent of about 4 per cent.

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Britain's Fish Supplies.—The importance of the contribution of the fishing industry to Britain's food supplies is evidenced by the fact that the first-hand value of the wet fish landed by British-owned fishing vessels was nearly £7½ millions in the first half of this year. The following table is taken from the official returns of the Ministry of Agriculture and Fisheries and the Board of Trade:—

(First six months)				
	Weight in cwt.		Value	
	1935	1936	1935	1936
British caught:—				
England and Wales	6,216,442	7,001,230	5,574,412	5,473,994
Scotland	2,308,283	2,449,102	1,783,646	1,797,608
Shellfish	...	...	174,509	203,786
	8,524,725	9,450,332	7,532,567	7,475,388
Foreign landings:—				
Imported	372,159	298,705	244,275	239,945
Imported shellfish	942,518	802,056	1,219,084	1,192,821
	...	...	114,756	111,538

Average prices have fallen appreciably this year. The average value of fish landed in England and Wales by British-owned vessels was just under 18s. per cwt. in the first half of 1935, but has dropped to 15s. 8d. per cwt. this year. In Scotland, similarly, increased landings were accompanied by falling values, this year's average being 14s. 8d. per cwt., as against 15s. 5d. per cwt. last year. In the current quarter the figures are likely to be affected by the prohibition of fish from the White Sea and Bear Island under an ordinance designed to prevent a glut in the market. Actually this measure has already considerably curtailed the supplies of the fish most in demand by fish fryers; and in response to urgent representations the Government has agreed to allow landings from these fishing grounds after a close season of two months, as compared with three months last summer. The retail fish trade, however, would like to see the prohibition dispensed with altogether, and are pressing for such a measure next year. We exported during the first half of this year wet fish of British landing valued at £623,849, against £440,000 in the same six months of 1935, and "cured or salted" fish valued at £718,334 against £594,121. Herrings were sold to Germany—our principal customer—to a value of £476,000, compared with £224,000 last year.

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Retail Trade in June.—The seasonal decline in the value of retail turnover between May and June was more marked than usual, and the increase in June compared with June, 1935, was the smallest recorded this year. Various special factors contributed to the unfavourable showing. As Whitsuntide fell earlier in June than a year ago the greater part of purchases in preparation for that holiday were made in May. The cold and rainy weather, moreover, had a depressing effect on sales of sports and "holiday" goods. Comparison with a year ago was also

affected in some cases by differences in the opening date of the semi-annual clearance sales:—

INDEX OF VALUE OF RETAIL SALES, GREAT BRITAIN (Average Daily Sales in 1933 = 100)			
Period	Food	Merchandise	Total
1932	102	99	101
1933	100	100	100
1934	103	103	103
1935	111	108	109
1935—May	110	112	110
June	110	108	109
July	105	113	109
August	107	81	94
September	110	99	104
October	112	114	113
November	116	115	115
December	133	160	146
1936—January	115	118	116
February	116	88	102
March	117	97	108
April	121	113	117
May	116	121	118
June	119	109	114

Total turnover (in value terms) in June, as recorded in the *Board of Trade Journal*, was 4.7 per cent. above that in June, 1935, which, in turn, was 5.8 per cent. above the level of June, 1934. The increase, compared with a year ago, was most marked in Scotland (+ 6.1 per cent.), and least pronounced in the North of England (+ 3.3 per cent.). As was to be expected, sales of commodities other than foodstuffs suffered most from the special influences indicated above. Sales of sports and travel requisites, fancy articles and boots and shoes were actually lower than a year ago. Total sales of articles other than foodstuffs showed a reduction on last year's in Suburban London and in the North of England. In contrast to the small increase in the turnover of these goods, amounting to only 0.8 per cent., sales of foodstuffs and perishable articles registered a rise of 8.5 per cent. over the year. But since the Ministry of Labour's index of the cost of living has risen by 2.1 per cent. during the past year, only part of the increase in food sales can be attributed to an expansion in the volume of turnover.

* * *

Industrial Production in 1934.—Volume IX of the preliminary reports of the limited census of production taken under the Import Duties Act of 1932, published with the *Board of Trade Journal*, covers the timber, paper, clay and building materials trades. The following summary shows, for 1933 and 1934, the gross value of production in these industries; the net output (i.e. the gross value, less the cost of materials and payments for work given out); and the net output per employee:—

TIMBER, PAPER, CLAY AND BUILDING MATERIALS				
Trade	Gross Output (selling value of goods made and value of work done) (In thous. £)	Net Output (In thous. £)	Average number of persons employed	Net Output per person employed (In £'s)
Timber (Saw-milling).....	1933 16,399 1934 17,756	5,889 6,267	32,449 34,317	181 183
Paper (a)	1933 33,639 1934 38,695	13,699 15,155	53,215 57,839	257 262
Wallpaper	1933 2,941 1934 2,914	1,769 1,836	5,344 5,735	331 320
Brick and Fireclay	1933 22,115 1934 25,662	15,708 18,095	75,177 84,466	209 214
China and Earthenware	1933 12,339 1934 13,472	8,136 8,829	61,790 65,492	132 135
Glass	1933 14,098 1934 16,166	8,425 9,905	39,791 43,525	212 228
Cement	1933 7,052 1934 7,872	4,219 4,592	9,629 10,136	438 458
Building Materials	1933 10,886 1934 12,121	5,924 6,363	24,750 26,588	239 239
Total	1933 119,469 1934 134,658	63,769 71,042	302,145 328,098	211 217

(a) Firms which were not manufacturers of paper but were only engaged in the processing of purchased paper were excluded from the 1933 Inquiry.

The majority of industries in this group made considerable headway between 1933 and 1934, when the expansion of building activity gained momentum. All of them registered increases in employment and in value of net output.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

AN "ADVERSE" TRADE BALANCE

FOR the first half of 1936 the United States has had an "unfavourable" balance of trade on merchandise account, a record without parallel in recent decades. If silver be added to the merchandise totals, the import surplus is quite sizable. The foreign trade figures for June and the first half of the year are as follows:—

	Exports		Imports	
	1935	1936	1935	1936
Merchandise—				
June	170.2	185.2	156.8	192.2
Six months	1,024.1	1,154.4	994.5	1,165.0
Gold—				
June	0.2	0.07	230.5	277.9
Six months	1.2	26.4	805.4	536.7
Silver—				
June	1.7	0.2	10.4	24.0
Six months	12.2	1.6	91.3	117.6

The degree to which gold movements continue to be divorced from trade movements is attested by these figures.

North American and European countries accounted for the chief increases in exports of merchandise from this country during the first four months of this year, compared with the same period of last year. The increases in shipments to South America, Africa and Oceania were small; those to Asia actually declined. Rises in imports were more general, but Germany was an exception; her exports to the U.S.A. were slightly smaller. Among the more important nations, increases in imports from the United Kingdom and Australia were particularly marked, rising, in the case of the former, by nearly one-third, and somewhat more than doubling in the case of the latter.

THE INCREASED RESERVE RATIO

The increase of one-half in the reserve requirements of member banks, announced on July 15th to become effective on August 15th, has produced almost no effect so far, even though it was somewhat larger than expected. The almost nominal discount and Treasury bill rates have fractionally risen, and the Government bond market has reacted very slightly, but has since improved. Three facts appear to have minimised the effects: first, excess reserves, after the increase, will still total nearly \$2,000 millions; second, the Reserve governors strongly reiterated their "easy money" policy; thirdly, considerable doubt exists whether the Reserve system can really control monetary developments.

The action was well timed, in that the Treasury need incur no important borrowing until mid-September, and the corporate new issue market is quieter than in earlier months. What reason actuated the Board in taking their action may never be known, but a number of reasons existed, all of which doubtless exerted some influence. First, bank loans are at last tending to rise, and the addition of private credit expansion to that occurring in large amounts as a result of deficit-financing is sufficient to warrant caution. Secondly, the Treasury is reported to be unwilling any longer so to use its balances as to keep excess reserves down. Thirdly, a fairly extensive demand for such move was being voiced.

But though the Reserve Board has taken action more courageously than its critics expected, and though it has been able to act without disturbing the money markets, the outlook remains obscure. Following the enactment of a number of laws restricting credit in various ways during recent years, the Board is now engaged in an effort, which will doubtless extend over several years, to "Christianise" the American monetary system. Its difficulties are many, apart from the fact that the monetary system tends to be exuberant as the people are exuberant. The Board has jurisdiction over only some 6,400 of about 16,000 banks in the country. The Treasury is committed by law to

an expansionist silver policy; and, judging by the June trade figures, silver is available in sizable amounts, even at the now reduced market price. The Stabilisation Fund has \$1,800 millions in untouched gold which, if and when finally utilised, will either increase bank reserves or, if used to buy the Reserve system's holdings of Government securities, hobble its power to conduct open-market operations. The Treasury has also several hundred million dollars' worth of unused seignorage on silver purchased. Any further substantial rises in reserve requirements appear likely to operate with painfully unequal incidence upon a number of member banks; because, after the rise already ordered becomes effective, the amount of excess remaining will be very small for, probably, several hundred banks. The budget remains unbalanced, and only the optimistic expect any approach to equality between income and expenditure within two years. Despite the Board's quite extensive powers to vary margin requirements, alter reserve requirements, engage in open market operations, and curb bankers in more detailed ways, there are grounds for reservations about its efficacy.

Owing to the devastating drought, this year's total agricultural income is open to question. Hitherto the general expectation has been an increase of something like 10 per cent. over that of last year; and the general business outlook has been partly predicated upon this expectation. Each day without rain diminishes the chance of a gain in income from marketings; funds from the Federal Government are going into the drought region on a rising scale, however; and, unless relief comes from the skies, the comparison of agricultural income this year with last year will depend entirely upon the volume of the "gentle rain" of merciful cheques.

Current business figures continue to tell the same unvarying story of moderate prosperity. Power production has risen to new high levels, and questions about the adequacy of generating capacity are being heard. New York City department store sales for the first half of June were 13 per cent. ahead of those a year ago—the largest gain for any fortnightly period this year. One of the two largest mail-order houses reported sales in the month ended July 16 as 32.5 per cent. ahead of those in the same period a year before. Conversion of bonus bonds into cash is diminishing, but the cash distribution must be a factor in the maintenance of business at its present favourable levels in the face of drought, rising food prices, and a period of normal seasonal dullness.

NEW YORK, July 22.

FRANCE

REVENUE AND FOREIGN TRADE STILL DECLINING

THE yield of the taxes in June was Frs. 2,226 millions, composed as follows: direct taxes, Frs. 215,451,000; indirect taxes, Frs. 1,999,242,000; and estate duties, Frs. 11,527,200. These figures show a deficit of Frs. 54,946,800 compared with the estimates, and a fall of Frs. 38,425,000 compared with the revenue in June, 1935. The yield of turnover tax, however, shows an increase of Frs. 23,545,000 at Frs. 459,699,000. The deficit for the first six months of the year is Frs. 244,853,600 compared with the estimates; which means a fall of Frs. 285,544,700 compared with the yield in the first half of last year. It should be noted, moreover, that extraordinary expenditure does not appear in the ordinary budget, as it is left over to the charge of the Treasury.

The foreign trade returns for June show a new decline compared with those for the preceding month and June, 1935:—

	(Thousand francs)	
	Imports	Exports
June, 1935	1,679,053	1,237,881
May, 1936	1,966,637	1,170,118
June, 1936	1,831,467	1,131,147

The decline affects imports (which are down by Frs. 135 millions on the month) as well as exports (which are down by 39 millions on the month). The import figures are the lowest since May, 1935; but exports are at their lowest since the stabilisation of the franc in 1928.

The Statistique Générale has just published its monthly figures showing industrial production in France (1913 = 100):—

	May, 1935	March, 1936	April, 1936	May, 1936
General index	92	101	102	103
Engineering	95	100	102	104
Iron and steel	81	86	88	91
Textiles	63	70	68	—
Mines	101	102	103	103
Building (adjusted)	65	71	72	72
Leather	90	97	102	106
Paper	132	146	155	161
Rubber	758	990	990	985
Motors	422	465	465	464

In the motor industry, 17,077 automobiles and 2,039 lorries have been put on the road, compared with 16,979 and 1,906 in April. The figure of bankruptcies in June was 720, against 793 in May, and 721 in April. Bankruptcies and judicial liquidations were 987, compared with 1,116 in May and 1,041 in April.

PARIS, July 29.

GERMANY

GERMANY'S COMMERCIAL BANKS

THE advance a fortnight ago of commercial bank shares to par, and last week to around 106, attracted much attention. It has aroused conjecture about possible all-round increases of capital and of higher dividends for the 1936 business year. The dividend expectation seems to have been the immediate cause of very heavy buying; this the banks themselves, it is understood, deprecated, and have countered by throwing shares into the market. The banks in question are the Deutsche-Disconto, Dresdner, and Commerz-und-Privat. The fourth great commercial bank, the Berliner Handelsgesellschaft, is in a class by itself, being without the local branch and deposit ramifications of the other three, and having come unscathed out of the crisis of July, 1931. The three banks mentioned were financially helped by the Reich, which had allowed the Darmstaedter-und-National to collapse. Later they scaled down their capitals as part of a severe process of reorganisation, assisted by the general business revival, by the improvement in all debtor concerns' finances, and by a very substantial rise in quotations on the Bourse. The three banks resumed dividend payments for the business year 1935. It was declared that they might have resumed it earlier, though there are critics to-day who doubt whether they ought to have resumed it at all, and allege that the aim was to restore quotations to 100, so as to pave the way for increases of capital. Increases of capital became all the more necessary after the Bank Law of 1934, which provided for a fixed ratio, to be later determined, between the banks' own resources and their credits. At the close of 1935 the shares of the three banks were selling at around 84; and though they shared in the general rise on the Bourse, they gained in the first half-year only about as much as they have in the last fortnight, when other securities rose very little. Whether a dividend increase or a capital increase (which would reduce dividend-paying capacity, unless profitable investment were found for the new resources) is contemplated, is at present in doubt. The first half of 1936 developed satisfactorily for banking business. General business expanded, though irregularly; commissions on Bourse transactions increased very much; and the Stock Exchange quoted values of the banks' own holdings rose rapidly. If the reorganisation process involved losses on many debtor accounts, these were smaller than anticipated. Many debtor concerns, which four years ago were in suspended insolvency, are now paying dividends; and buildings, which after the disappearance of the Darmstaedter-und-National Bank long remained a burden, have been profitably disposed of.

The real financial position of the banks is, however, not quite clear. Before the war their strength lay in the

possession of large hidden reserves, which disappeared in the crisis years. It was formerly a rule that quotations of bank shares ought never to sink below par. In the earlier stage of the 1931 crisis, when industrial shares had already fallen heavily, Berlin banks bought up their own shares, and thereby retarded their fall. After reorganisation had been completed and recovery was well under way, the shares were quoted at only 40 to 50. It is argued that the present prices are high at around 105, even at a time when industrials carrying the same 4 per cent. yield sell at about 120; for the banks' assets, unlike those of industrial concerns, are not "real values," protected against the effects of currency depreciation. In fact, all Bourse securities in Germany, like commodities, sell at inflation prices. Market conditions at present scarcely favour increases of capital; and it is doubtful whether the Ministry of Economy would consent to them. It seems, further, that the increases would have to be preceded by a definite settlement between the banks and the Reich, which is the biggest holder of the banks' capital. Originally, the Reich did not intend permanently to hold the participations it acquired in 1931; and the Nazi Party is opposed to State shareholding in private corporations. Also, the Reich wants money; and it has shown a tendency to shed its interests in other private concerns, having recently sold back its steel trust shares. In the banks the Reich and the Gold Discount Bank still have an interest of some Rm. 150-200 millions. "Re-privatisation," as it is called, has, however, been under way in the cases of all three banks. Some 40 per cent. of the G.D. Bank's holding of Deutsche-Disconto shares had passed back into private hands by the end of 1935. The new advance of bank shares to above par ought to smooth the way for complete "re-privatisation," and probably only after that will the increases of capital be undertaken.

AGRICULTURE AND INDUSTRY DOING WELL

The wholesale price index number for July 22nd was 104.1, against 104.2 for July 15. The agricultural products component has fallen, but there were sharp rises in non-ferrous metals, fertilisers, and rubber; and the manufactured goods component continues to rise. The crops reports are more and more satisfactory. For bread cereals in 1936-37 the price regulation of 1935-36 has been maintained, with local alterations. The main features of this regulation are a rise in prices from east to west, and a monthly increase everywhere, which encourages farmers to market gradually. Compulsion to deliver fixed quotas of grain remains. For fodder cereals there are new regulations, designed to bring marketing almost entirely within the competence of the Nutrition Corporation. The area under flax, which was only 4,500 hectares in 1932, and had risen in 1935 to 22,300, is this year 40,600 hectares; but it remains below the pre-war "high" of 215,000 hectares.

Industry continues active. In June, 70.3 per cent. of working places were occupied, against 69.3 per cent. in May. The greatest improvement was in building. Coal output in the first half-year was 75,513,000 tons, or without the Saar 73,647,000 tons, against 67,288,000 tons, without the Saar, in 1935. Production of crude mineral oil in the half-year was 215,000 tons, against 219,000 tons in 1935. Pig-iron output in June was 1,241,600 tons; in the first half-year 7,383,400 tons, against 5,903,300 tons in 1935 (January and February, 1935, without Saar output).

For ingot steel the respective figures are: 1,630,800 tons, 9,299,700 tons and 7,617,300 tons. Steel output is, therefore, now at a rate of nearly 20 million tons a year, which exceeds the best pre-war figure for the then larger Reich. It has multiplied 3½-fold since the first half of 1932, when production fell to 2,900,000 tons. The definitive agreement concluded between the steel cartel and Great Britain, and the foundation of a thin sheets export syndicate, led last week to an advance in steel shares on the Bourse. The next cartel steps, it is expected, will be agreement with Austria, Hungary and Czechoslovakia, which were in the old cartel, probably by binding them to observe cartel export prices, and a new general increase in prices, which the trade Press considers imperative. The home market for semis and joists is active. The machine manufacturing branch was occupied in June to 79 per cent. of capacity. Home orders in the first half-year, compared with the first half of 1935,

increased by 10 per cent., and foreign orders by 40 per cent. Cotton concerns report substantial increases in their earnings in 1935, though they were hit by the enforced substitution of inferior cotton, for which they paid considerably more than for the displaced American material.

FOREIGN TRADE IN JUNE

Foreign trade in June showed an export surplus of Rm. 11 millions, against one of Rm. 35 millions in May. The decrease in activity was seasonal. In June, 1935, exports only just balanced imports. This year the June value of imports, compared with May, rose 7 per cent., and the quantity of imports slightly less. Imports of raw and half-manufactured material increased considerably; and imports of manufactured goods, which fell to their lowest in January and have since been recovering, were the highest of the year. Imports of British cloth increased. Exports were little changed compared with May, which is satisfactory in view of the seasonal declines of former years. The chief export increases in Europe were to Italy, Russia and Switzerland. To Great Britain, exports decreased. Exports of machinery and motor cars rose considerably; of chemicals, ironwares and textiles decreased.

The first half-year shows an active balance of Rm. 132 millions, against a passive balance of Rm. 163 millions in the first half of 1935. The average export price in the half-year declined by about 4 per cent.; but the quantity of exports rose by nearly one-fifth. The figures are as follows:—

	(Millions of Reichsmarks)	May	June
Imports:—			
Foodstuffs and livestock.....	118.8	120.7	
Raw and half-manufactured material	186.4	205.0	
Manufactures	32.0	34.4	
Totals	337.2	360.1	
Exports:—			
Foodstuffs and livestock.....	7.1	6.1	
Raw and half-manufactured material	67.3	69.5	
Manufactures	297.7	295.3	
Totals	372.1	370.9	

FINANCE AND CREDIT

As officially reported, the Reich Rm. 700 millions loan was "over-subscribed by several millions." It seems that some banks in the flotation syndicate had difficulty in marketing their quotas, and even failed to do so; but that after official appeals (and warnings to industry) had been made, large sums of the loan were bought by concerns in the West and in Saxony. The expectation that money would again become plentiful after subscriptions to the loan had been paid was not realised. There has been stringency in the money market, reflected by the Reichsbank returns. The bank's gold reserve has increased to Rm. 74 millions.

Reich tax revenue in June was Rm. 995 millions, against Rm. 765 millions in the same month of 1935. In the first quarter of the financial year it was Rm. 2,528 millions, which is Rm. 415 millions (with readjustment for changes in taxation law, Rm. 401 millions) more than in the first quarter of the financial year 1935-36. The commercial banks' balance sheets for June show increased deposits and reduced advances.

BERLIN, July 29.

FINLAND

GENERAL ELECTION RESULTS

THE General Election in Finland was held on July 1st and 2nd, on the basis of proportional representation. Voting was fairly lively, the number of votes cast being 1,174,000, against 1,108,000 at the General Election in 1933. The votes were distributed among the different parties as follows:—

	1933	1936
Social-Democrats	413,551	452,033
Agrarians	249,758	262,803
Swedish	115,433	131,251
Unionists	187,527	121,341
Patriotic National Party.....	82,129	97,476
Progressives	37,544	73,865
Small Farmers	9,390	22,406
People's Party		7,376

The 200 seats were divided as follows among the parties: Social Democrats 83 (78 in 1933); Agrarians 53 (53); Swedish 21 (21); Unionists 20 (18); Patriotic National Party 14 (14); Progressives 7 (11); Small Farmers 1 (3); and People's Party 1 (2). The new Diet, which scarcely differs from the former, is to assemble at the beginning of September.

FINNISH FINANCES IMPROVING

On June 30th an agreement was concluded between the Government and a syndicate of Finnish banks for issuing a new State loan of 400 million Fin-marks nominal value, at 4½ per cent. for 30 years. The loan is to be placed at 98½ per cent. The proceeds are to be used for redeeming the 6½ per cent. State dollar loan of 1926, which has been called for September 1st of this year. The nominal value of the outstanding bonds of this loan is 12.8 million dollars; but over a third of these are held in Finland. Thus, the conversion of Finnish State loans to lower rates of interest, and of Finland's foreign to internal debt, progresses "according to plan."

The State finances appear, too, to be developing favourably. In January-April, current revenue amounted, according to preliminary figures, to 982.5 million marks, against 858.2 millions in the same period of 1935. The increase was mainly due to Customs.

The Central Statistical Office recently published its calculations of Finland's balance of payments for 1935. The chief items, as well as those for previous years, are as follows:—

	Credit Mill. mks.	Debit Mill. mks.	Credit Surplus Mill. mks.
1932	5,630	4,450	1,180
1933	6,190	4,840	1,350
1934	7,190	5,620	1,570
1935	7,240	6,180	1,060

These large credit balances have been employed principally to redeem Finland's foreign indebtedness; and last year, to a small extent, the gold reserve of the Bank of Finland was thereby increased.

The large credit balances of payments in recent years were chiefly due to big export surpluses in the balance of trade. Apparently the course of foreign trade this year is likely to proceed in the same direction as in previous years. Both exports and imports seem to grow at the same rate, so the balance of trade remains positive. During the first six months of recent years, exports, imports and export surpluses have moved as follows:—

First 6 months of—	Exports Mill. mks.	Imports Mill. mks.	Surplus of Exports (+) or Imports (—) Mill. mks.
1933	1,945	1,650	+ 295
1934	2,368	2,187	+ 181
1935	2,375	2,403	— 28
1936	2,820	2,873	+ 53

Now, as a rule, the balance of trade records a considerable surplus of exports during the latter part of the year. Thus, the surplus of exports for the current full year—1,370 million marks in 1933, 1,450 millions in 1934, and 896 millions in 1935—will probably be of a substantial size.

THE LAND WITH NO UNEMPLOYED

At the end of June the number of unemployed was only 2,123. The corresponding figure for June, 1935, was almost three times as large, at 6,205; and for 1933-1934 more than ten times as large. The majority of the unemployed were engaged in relief work organised by the State or the communes, so that the number of people temporarily without any employment has dropped to 251! A shortage of labour has been experienced in some places; and, to-day, it cannot be said that there is any unemployment in Finland. In this respect, conditions are now as satisfactory as during the boom of 1928.

HELSINKI, July 20.

GREECE

THE FOREIGN DEBT AND GREEK FINANCES

APART from the just grievances which the bondholders' committees may have about the increase in Greek public expenditure since 1933, they are apparently under an illusion about the present capacity of this country to transfer service of its foreign debt. With foreign exchange resources

steadily declining, with a growing unfavourable balance of trade owing to larger imports and to the rising world prices of necessary imports, with the increasing need of the country for foreign exchange to pay for armaments, railway and other material (the supply of which cannot, in the present state of Greece and of Europe, be any longer postponed), one might well ask whether the Greek authorities could even have carried out the obligations they were ready to undertake of paying foreign bondholders 35 per cent. of the debt service in foreign exchange. True, by new import restrictions imposed on July 1st a saving in payments abroad will be effected. But such saving, and any that may subsequently be decided, will at best slacken the deterioration in the exchange position. That position seems bound to grow steadily weaker for some time. It is doubted here if the bondholders' committees were wise to reject the offer made by the Greek Finance Minister; the more so since, in the event of emergence of a Party Government later in the year, it is doubtful whether even that offer will be repeated.

Public revenue and expenditure for the first two months of the financial year 1936-37 compare as follows with those for the corresponding period of the past year:—

(In millions of drachmas)				
	Estimated (whole year)	Revenue Calculated for first two months	Collected	Actual Expenditure
April and May 1935	10,812.8	1,701.2	1,368.7	1,090.6
1936	11,642.3	1,940.9	891.9	1,516.0

On the other hand, gross receipts from revenues assigned for the service of the public debt were as follows for the months of January to May, 1935 and 1936:—

(In millions of drachmas)		
	May	January to May
1935	423.4	1,669.7
1936	377.5	1,759.3
Difference	- 45.9	+ 89.6

A Government Bill has been tabled to make several amendments in existing taxes, and increasing taxation on the profits of limited companies. After the example of other countries, a large parliamentary committee has been formed to investigate the advisability of regulating the outstanding agrarian, mortgage and commercial debts, in order to relieve private debtors. Moreover, the Government is studying how to improve the conditions of the workers by fixing minimum wages, maximum working hours and paid holidays, as well as by organising social relief and putting into effect the hitherto non-applied law for social insurance.

GLOOMY TRADE PROSPECTS

According to official information, this year's production of wheat will be 20 per cent. lower than last year's. Production of currants and fruit was also severely curtailed by unusually bad weather. An increase in imports of cereals will thus be necessitated. Owing to bad harvests, an unfavourable balance of payments, depression in home trade, a rising cost of living, growing public expenditure, and lack of financial assistance from abroad, economic prospects are the reverse of bright.

Provisional foreign trade returns for the first five months of this year compare as follows with the figures for the corresponding period of 1935:—

(In millions of drachmas)			
	1935	1936	Increase in 1936
Imports ...	4,124	4,640	516
Exports ...	2,321	2,372	51

Increase in import surplus 465

Italy was a good customer of Greece, and sanctions have appreciably affected exports from this country. Higher world wheat prices have resulted in a larger amount spent so far this year for the purchase of wheat, notwithstanding the decrease in the quantity imported (1935: 176,643 tons, valued at Drs. 536 millions; 1936: 142,963 tons, valued at Drs. 563 millions).

It has already been reported in this correspondence that the larger imports are chiefly due to the working of the clearing and compensation system, which, especially in the case of trade with Germany, results in the accumulation of large frozen balances abroad, to liquidate which excess

imports have to be authorised. Despite the recent visit of Dr. Schacht, the anomalous position of Greek trade with Germany is far from being regularised. Professor Varvarettos, Deputy-Governor of the Bank of Greece, is at present in Berlin discussing the question, and trying to ensure that at least all the goods which Greece, as a result of the clearing system, is compelled to buy in large quantities from Germany, should be paid for out of Greek export proceeds and priced at the world price level and not at the higher fictitious prices obtaining in Germany. But even if Germany drops her claim to be paid in *Devisen* for goods made with raw materials imported from abroad, and even if the price question be settled, the problem of the abnormal and exclusive growth of trade with Germany—to the detriment of trade relations with all other countries—and of the disagreeable political, economic, financial and social implications of such a development, will remain unsolved.

ATHENS, July 25.

BULGARIA

THE NEW GOVERNMENT

WITH the formation of the new Government under the Presidency of Mr Kiosseivanoff, Bulgaria expected a Parliamentary Government; but the elections, fixed for October, have been postponed. The new Government is composed of prominent members of the judiciary and non-party men, with the participation of two representatives of Professor Tzankoff's movement. The King's wish is to see a normal situation within the country restored as soon as possible, but without the former embittered partisan strife. To this end the Parties, formerly numbering more than twelve and now dissolved, will be considerably reduced in accordance with the new electoral law in preparation. A reduction of the number of deputies from 300 to 120 or 150 is proposed; and the principle of voting for individual candidates, one for each constituency, will very probably be adopted, in opposition to the system hitherto in force, under which Party lists competed. The Constitution might also be amended in order that the differentiation of the Executive and the Legislative powers may be strengthened.

A BETTER TURN IN BUSINESS

The economic recovery during the first half of the year was satisfactory. Wholesale prices have risen, and also industrial production, the latter by over 20 per cent. compared with last year. Trade is a good deal more active. The State revenues show a rather remarkable improvement, having reached 2,726 million leva for the first five months, against 2,092 millions for the same period last year. A reduction in the anticipated deficit may therefore ensue.

Foreign trade results are as follows:—

(Million leva)		
	1935 January-May	1936 January-May
Imports	1,088	1,269
Exports	1,174	1,300
Export surplus	86	31

Imports have increased by 18 per cent., and exports only by 11 per cent. The main difficulties that confront Bulgaria's foreign trade arise from the great increase in her exports to Germany (now about 60 per cent. of the total), and the important Reichsmark balances which have accumulated there—at present about 300 million leva. Such a situation seriously affects the amount of free foreign exchange available to the National Bank, and it inevitably tends to increase imports from Germany. The recent visit of Dr. Schacht to Sofia may have as a result a reduction in Bulgaria's credit balance.

According to preliminary crop estimates there will be a slight increase in the production of wheat, barley and the remaining cereals. The production of grapes and other fresh fruit will be rather unsatisfactory; but prospects for sunflower seed, cotton and tobacco are better.

The general outlook is for continued improvement in the economic situation, which will undoubtedly facilitate transfers of the services of Bulgaria's foreign loans.

SOFIA, July 20.

BOOKS AND PUBLICATIONS

• AN OFFICIAL VIEW OF GERMANY

OWING to the death in 1934 of the former Commercial Counsellor in Berlin, Mr J. W. F. Thelwall, no Report on Germany by the Department of Overseas Trade appeared in 1935. To this sad event is due the appearance of a Report * which formally embraces two years and, in fact, covers almost the entire economic and social-economic history of the first three years of the National-Socialist administration. Thus official and Party measures which developed piecemeal, and therefore could not have been handled satisfactorily as the current history of successive years, are compendiously described in the new Report. The reader has concise descriptions of many undertakings in their present or definitive form, without being confused by details of their past vicissitudes. This advantage is particularly obvious in the excellent accounts of corporative organisations (or Estates), made clearer by excellent charts; but it cannot be said that all these organisations have reached their final form. The Report contains XXIII appendices, including a glossary of new terms devised for Nazi institutions.

D.O.T. Reports are normally based on concrete data, not necessarily official, but at least derived from citable authorities. In the conditions at present prevailing in numerous European countries, the Reports are inevitably imperfect. In Nazi Germany some important statistics are not published, and other statistics (e.g. of public debt) are misleading to the point of falsity; but on these subjects, owing to the suppression of criticism and even of friendly analysis, there are no citable unofficial data or estimates. Rumour and conjecture pass from mouth to mouth; and in discreet secrecy one can even obtain written private estimates. But a Commercial Counsellor cannot cite illicit authorities. In consequence, Mr Rawlins' Report can throw no light on the suppressed budgets of 1935 and 1936, the suppressed expenditure returns formerly published once a month, the suppressed balance of foreign payments, and other important matters. The whole public debt has to be shown as having increased by only 812 million marks in the first two Nazi years; and Mr Rawlins can merely mention—that is officially admitted—that the debt returns omit the work-creation and "special" (re-armament) liabilities. In the same way the yield of Dr. Schacht's export-subsidy levy of 1935 cannot be given, for though the amount is known to within 100 million marks, the Reich has issued no figures, and the available private estimates are anonymous and therefore unusable. In this matter official mystification went so far that the law of June, 1935, by which the levy was regularised (after it had already been imposed), does not mention the word "export" at all.

Other parts of the Report reflect these unsatisfactory conditions. The Third Reich enjoys official and Party facts and opinions; but the contrary facts and opinions, being surreptitious and underground, have no overt and citable existence. The Report, for instance, begins: "In the National-Socialist State all economic activity must serve the interests of the community," and later quotes the familiar principle "common weal before private interests," but how far these party slogans are genuine, and how far, owing to unclear definition, they are meaningless, is not examined. Yet this question is raised by Mr Rawlins' statements, on his opening page, that "in the interests of the community . . . wages must be kept low in spite of the rising prices of foodstuffs, and the consumer must go without certain commodities formerly considered as necessities." It is plain that the official motive for this policy is the Defence Economy (*Wehrwirtschaft*) to

which Mr Rawlins refers; but it is hard to see how the defence interest of the community can be served by lowering the standard of nourishment, and this under a Government which places physical fitness first. On such issues Germany has no publicly expressed opinion; and an official report necessarily confines itself to the only opinion there is.

The most instructive part of the Report is that which describes the National-Socialist corporative organisations. The Agricultural Estate (*Nährstand*), with land and land-labour policy and development of agricultural resources; the Estate of industry, trade and handicrafts, with developments in the individual industrial branches; the organisation of transport enterprise; the Social Policy organisations; and the Chamber of Culture, are all correctly and adequately described. Readers will be struck by the schematic character of these organisations, and the apparent desire for similarity of structure in their higher and lower organs. The Reich Chamber of Economy is also analysed. There are good accounts of foreign trade, and of the involved currency question: here it may be mentioned that Mr Rawlins has unearthed 13 different marks, some officially called "credit-balances" or "accounts," but all in reality currencies of varying depreciation and varying use. Mr Rawlins estimates the rise of agricultural prices in 1933-35 as more than 40 per cent. The rise in the cost of living (1933-36) he puts at 15 to 20 per cent., and he illustrates the inadequacy of the official cost-of-living index by mentioning that it allows a workman only one shirt a year. He presents German foreign trade as a State monopoly in almost all respects, except State ownership of the goods, but though the State does not formally own the goods, it disposes over imports, and to some extent over exports, as if it did. "Government, not Business," Mr Rawlins says, decides what the imports are to be, and whence they are to come. He estimates that the export subsidy works out at an average at 25 per cent. for all goods exported; and he critically examines the equally costly, if unavowed, import-subsidisation, which results from discriminating between supplying countries. He mentions that prices well above world market prices are being paid for important commodities. He refers also to the excessively swollen trade-officialdom and to the burden imposed on private firms engaged in trade. His summary is: "A hand-to-mouth economy . . . a cumbersome control by mighty bureaucratic machinery, and in many cases recourse to unwieldy barter transactions, with heavy executive expenses and waste of time." That is, indeed, what is said by such German authorities, e.g. Dr. Schacht, as profess to regard foreign-trade regulation as a passing, inevitable evil. But against this view stands the old Nazi passion for autarky as a thing inherently desirable; and it seems that this Party view is the dominant one. Mr Rawlins does not echo German official complaints that the enforced Clearing Agreements are entirely to Germany's disadvantage. He comments that they have enabled Germany, as a country three-fourths of whose imports are raw materials, to obtain these materials in the knowledge that they could only be paid for with the manufactured goods which are Germany's main export resource. The whole Report repays careful reading, even if, for the reasons given, it inevitably deals more with the positive than with the negative results of three years of Nazi Government.

Investment For Appreciation

by L. L. B. ANGLAS

Author of *Coming Rise in Gold Shares* (Feb. 1931); *Coming English Boom* (Sept. 1931); *Coming Rise in Wall Street* (Apr. 1933); *Coming American Boom* (Aug. 1934), etc., etc.

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* "Economic Conditions in Germany to March, 1936." Report by E. C. Donaldson Rawlins, C.M.G., C.B.E., Commercial Counsellor to His Majesty's Embassy at Berlin; Department of Overseas Trade: 1936, 285 pages. 5s. net.

MONEY AND BANKING

BRITISH BANK ADVANCES

AMONG the more striking features of the present trade recovery has been the sluggishness of bank advances in responding to the growing credit requirements of trade. In the early stages of recovery, such a phenomenon was to be expected, for the first consequence of better trade is the repayment of frozen bank loans. Once this process is complete, however, the expansion in bank advances should begin to march in some sort of step with the progress of trade. It has certainly not done so during the past few years, either in Great Britain or in the United States.

The following table brings out this fact very clearly so far as Great Britain is concerned. It shows relative movements in the deposits and advances of the "big five" banks and in general business, respectively, since June 30, 1932:—

	(June 30, 1932 = 100)		
June 30th	Bank Deposits	Bank Advances	General Business Activity*
1933	111	94	104
1934	105	90	113
1935	112	92	119
1936	121	101	126

* Economist business activity index.

One consequence of the lag in advances is that the banks to-day are only employing 40 per cent. of their deposits in this way, against 55 per cent. in 1927-29, immediately before the slump. There are various explanations of this slackening in the demand for advances. First and foremost, potential borrowers are undoubtedly much more "liquid" to-day than in the past. The "unfreezing" of commercial and industrial loans has, on the banks' own admission, meant that loans written off during the depression as bad or doubtful have been repaid and brought back into profit and loss. The recovery in the iron and steel trades alone must needs have thawed out a substantial mass of frozen loans. Next, the rationalisation of industry has reduced the demand for bank loans. Formerly, two separate companies may have maintained, the one a credit balance and the other company an over-draft at its bank. On amalgamation, the two balances are self-cancelling. Thirdly, during the depression, manufacturers, wholesalers and retailers tended to operate on smaller stocks of commodities, and are still doing so to-day.

The abundance of money, the expansion in savings, and the fall in the long-term rate of interest have also been contributory causes. It no longer pays people to lodge gilt-edged stock at the banks as collateral for loans, for with the current high prices and low yields it is better to sell the stock outright. Many companies have either been able to issue fresh capital or to place fresh debentures, and the proceeds have frequently been applied to the repayment of bank loans. There is a tendency, further (as our surveys of industrial profits show), for companies to distribute a smaller proportion of their earned profits in dividends, and to "plough back" more in the form of reserves than before the depression, so as further to increase their liquidity.

Municipal finance, again, has played a prominent part in the recent trend of bank loans. Many municipalities have succeeded in floating new loans on the market, and part, at least, of the proceeds has been used to repay advances from their bankers. Under the present system of control, further, municipalities are not entirely free to choose the date on which they issue new loans. They are liable to find themselves with surplus cash on their hands, either because they cannot redeem old loans from the private investor at once, or because the new money they have borrowed is required for housing or other public works expenditure, which is spread over a term of years. Some municipalities, consequently, have not merely ceased to borrow from the banks, but have themselves become lenders of funds at short-term.

In other ways, the banks have been affected by the appearance of new "competitors." In some cases, it is true, fresh business has been brought to the banks. For example, hire-purchase finance has made great strides during recent years, and many instalment finance companies have come into existence. These smaller companies, in fact, often obtain their own finance from their bankers. It is not uncommon for a bank to lend up to 50 per cent. (or even more in approved cases) against the net total outstanding loans due to finance companies by their customers. Other developments, however, have had an opposite effect. The insurance companies and accepting houses have recently become serious competitors. The insurance companies, admittedly, specialise in mortgages and other long-term loans of a type unsuitable to bankers, but they are ready and willing, nevertheless, to place floating funds at medium- or short-term. Though little has been heard of the inland bill during the past two years, it is, in fact, beginning to come into use, especially in the North of England. For example, some Liverpool cotton-brokers are now financing themselves by bills of exchange drawn on a London accepting house in place of an advance from a joint-stock bank. A bill has inconveniences, including the fact that it falls due at a specific date, but under present conditions it is definitely cheaper than a bank loan. "Personal" loans, as distinct from "trade" loans, have been affected very considerably by the course of the stock markets. They reached their peak in 1929, declined heavily during the following three or four years, and to-day are expanding again. Their growth, however, is not over-fast, for, even under present active market conditions, the majority of investors are chary of buying more securities than they are able to pay for.

Of one thing there is little doubt. The size of the average loan is less than in 1929—perhaps one-third less. It is probably less even than in 1932. Since that time, however, the total number of borrowers has, probably, changed very little. The average customer is borrowing less, though demand is itself as widespread.

How far is the rate of interest charged by the banks a serious deterrent? To the small borrower the difference between 3 and 5 per cent. per annum on a loan of £20 for three months is only two shillings—apart from the borrower's right to use bank interest as an offset for income-tax purposes. To the large borrower of tens of thousands, however, each additional 1 per cent. is a matter of great importance, and this type of borrower will probably endeavour to obtain cheaper accommodation wherever he can find it.

This raises a wide question. British banking has developed in such a way that the big branch banking system performs for the public the essential and complex service of transmitting money, in the form of cheques, all over the country. This service is performed free of charge, except for an unremunerative charge on small accounts, and the banks recoup themselves out of the yield on their earning assets, notably on their advances.

Now the present era of cheap money is exposing the banks to new competition in the field of their advances, and it may be that part of this competition is permanent. The banks, therefore, may have to reconsider their practice. Public opinion probably would not tolerate even the imposition of a small charge per cheque cleared, but it may have to reconcile itself to the curtailment of some of the many other numerous services rendered by the banks. For example, the banks are already exercised by the rapid growth in the practice of collecting periodical payments by means of bankers' orders. In any case, bank shareholders may have to reconcile themselves to the possibility that neither profits nor dividends will return to the high level of the late 'twenties. Thus, while the stability of the banks remains unimpaired, banking may be a little less remunerative in the future.

FINANCIAL NOTES

Anglo-Russian Trade Agreement.—The conclusion of an Agreement between the British Export Credits Guarantee Department and the Soviet Trade Representation in London was announced on July 30th. The Soviet Government through its importing organisations agrees to place orders for British goods to a total of £10 millions during the period ending September 30, 1937. The goods ordered will be of a kind which will give rise to a substantial amount of employment in Great Britain, but will exclude munitions of war. The object of the Agreement, in effect, is to remove any qualms of British manufacturers over the question of prompt payment. Russian import organisations will place these orders direct with the British manufacturers, under terms requiring payment in cash within thirty days of delivery of a satisfactory set of shipping documents. The Soviet Government will issue sterling notes at par, carrying interest at 5½ per cent. and payable at par five years after date. Principal and interest of these notes will be guaranteed in full by the Export Credits Department, who will proceed to place the notes in the London market at the best price obtainable. The cash proceeds will be paid into a special account of the Soviet Trade Representative at a British joint-stock bank and the British manufacturers will be paid by cheques drawn thereon. It is expected that under this agreement orders to the value of £10 millions will be placed practically within the next twelve months. In 1935, British goods were exported only to a total of £3.5 millions. The manufacturer has a complete British guarantee of prompt payment. He also does not have to pay an insurance premium in respect of the guarantee, which the Export Credits Guarantee Department normally requires. The rate of interest is not unfavourable to the Soviet Government, which has been able to obtain credits in Germany and Czechoslovakia only on a 6 per cent. basis. The Export Credits Guarantee Department will retain the premium which is certain to be derived from the sale of the notes, and this should be sufficient to cover the cost of the work and to leave a margin in the way of "insurance," instead of the premium normally charged to the British exporter. Finally, the money market will be offered a series of 5½ per cent. five-year notes carrying a British Government guarantee, and at the present low level of interest rates is likely to be a keen bidder. The possibility of an issue price of about 115 per cent. has already been mooted. Is this, indeed, the much-discussed "Soviet loan," made without any disclosed stipulation on the vexed question of pre-war Russian debts?

The French Bond Issue.—It has for some time been obvious that the new French issue of "baby bonds," designed to rectify the cash position of the Treasury, was making indifferent progress, and M. Vincent Auriol's statement in the Chamber on July 29th confirms the fact that so far it has met with a very moderate success. Up to July 17th total subscriptions had amounted to only Frs. 1,400 millions, while the Finance Minister estimated that by the evening of July 29th they would amount to Frs. 2,000 millions. Up to a point the French Government has some reason to congratulate itself, for a few months ago it would have been impossible to float a loan at all. Unfortunately, the response which has so far been evoked by the authorities' efforts is small in comparison with the Treasury's needs. M. Vincent Auriol was optimistic enough to hope that the result of the loan would enable the Government to keep its borrowings from the Banque de France within the limits set by the new legislation last month, but such estimates as it is possible to make in the tangled state of the French national finances have inspired the belief that to achieve this object subscriptions to the new baby bonds will have to total at least Frs. 10,000 millions. Also it was apparently stated during last Wednesday's debate in the Chamber that the new Budget, to be opened in October, will show a deficit of nearly Frs. 7,000 millions, and this estimate may clearly have to be revised in the light of any changes in Government expenditure which occur by the autumn. Apparently the Government realises that it may exceed its self-

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imposed limits to direct borrowing at the Banque de France, for our Paris correspondent states that the new Act revising the statistics of the bank contains a clause obliging the bank to rediscount without limit all Treasury bills of less than three months' maturity offered to it, provided that the Treasury may not rediscount its own bills direct. This opens the door to the indirect rediscounting of Treasury bills which attained such formidable dimensions during the past year and which ultimately called for last June's formal extension of the Treasury's borrowing powers. Having consolidated Ossa, the Government appears to be ready to erect Pelion.

French Railway Bills.—The action of the Chemin de Fer de l'Est, in placing £1,000,000 of sterling three months' bills in London in the early part of July, has been the subject of some comment this week. In itself, the event is not of major importance. The amount involved is moderate. The house in London which placed the bills contains among its members the president of the borrowing railway company. To complete the circle, it is believed that the bulk of the bills have been taken firm by the London offices of certain French banks. On this showing the operation is tantamount to the re-lending of French refugee money to a French railway company. The rate of discount on the bills is 4½ per cent, plus ½ per cent. commission, so that the French banks secure an unusually good return on a short-term sterling investment, while part of the French funds which have fled to London are used to filling a railway deficit which ultimately is a liability of the French Government. Wider issues would be involved, however, if there were any desire to borrow more money in the same way. If, for example, the total were to rise, say, to the neighbourhood of £5,000,000, the British authorities (who have not been consulted or thought it necessary to express a view) might well have something to say—the more so as the maturity of the bills coincides approximately with the date on which the French Government's sterling credit of £40 millions matures.

Anglo-Italian Clearing.—The negotiation of the new Anglo-Italian Clearing Agreement is proving very difficult. The crux is whether outstanding British commercial debts or payments due for new British exports are to have the prior claim upon the sterling paid into the British clearing account by future importers of Italian goods. There is little doubt that the British Government's view is that outstanding debts must be paid first, and indeed Mr Runciman said recently in the House that the hope of recovering old debts was to us the main justification for involving ourselves in clearing agreements. Mr Runciman, however, admitted only last Thursday that the Italians were refusing to give priority to outstanding debts, and at present Italy was imposing some restriction upon imports from Great Britain. She is also hinting that in the future she will not import more than she can pay for, and that she is

not really dependent upon the sanctionist countries at all. If this is anything else than pure bluff, there is no earthly reason why she should not consent to apply the proceeds of her future exports to the liquidation of her outstanding debts, and so she stands convicted of inconsistency out of her own mouth. In the interests of British commerce it is essential that old debts should come first. If shipments of goods made in the past are only to be paid for by degrees, or if payment is to be delayed until the Greek (not the Roman) Kalends, there is little inducement to British exporters to incur further risk in the field of Italian trade. Even if the City would like to have the chance of opening fresh commercial credit to finance Italian trade, the present accumulation of blocked lire due to British creditors is a serious warning to them. If Italy wishes to re-establish her credit, her best course is to pay her debts and in the meantime to regulate her external trade in a way that enables her to do so without unreasonable delay.

The Money Market.—This week bill-brokers have been at the mercy of the vagaries of the calendar. Three months ago it suited the Government and the market to concentrate the week's applications and issues of Treasury bills upon bills maturing on August 1st. Hence this week there have been practically no maturities until Saturday, while the payments for the new bills issued on July 24th were well spread over the whole of the week. As the Bank return shows, money was therefore less plentiful than usual during the whole of the week, and there was a keen demand for loans. The banks have not been ready buyers of bills, as they wished to prepare for the heavy holiday withdrawals of currency, but they were ready every day to lend money overnight. There was also some special buying of early September bills, while on Thursday one of the clearing banks is believed to have bought more freely. As a result no real stringency has developed, and next week normal conditions will again prevail.

	July 9, 1936	July 16, 1936	July 23, 1936	July 30, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short loan rate:—				
Clearing banks	1-1/2-1*	1-1/2-1*	1-1/2-1*	1-1/2-1*
Others	1	1	1	1
Discount rates:—				
Treasury bills	1-1/2-1	1-1/2-1	1-1/2-1	1-1/2-1
Three months' bank bills ...	1-1/2-1	1-1/2-1	1-1/2-1	1-1/2-1

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.

Last week's Treasury bills went at an average discount rate of 10s. 6.11d. per cent. The market did not obtain its full requirements, and so this week there was a keen demand for the £2,000,000 of London County Council four months' bills. These went at an average rate of 10s. 5.65d. per cent., or slightly less than the Treasury bill rate, which is very unusual. This week's Treasury bill rate, however, is likely to be still lower.

The Bank Return.—The holiday expansion in the note circulation has now begun, and amounts this week to £5.0 millions. This is nearly balanced by the Bank's gold purchases of the week, which amount to £4.1 millions. There is a contraction of £900,000 in the Reserve.

	BANK OF ENGLAND				
	July 31, 1935	July 8, 1936	July 15, 1936	July 22, 1936	July 29, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.8	225.6	231.0	235.8	239.9
Note circulation	408.3	443.1	443.3	443.6	448.6
Banking Department:—					
Reserve	45.1	43.5	48.7	53.1	52.4
Public deposits.....	24.4	10.5	20.4	19.9	42.3
Bankers' deposits	75.7	96.7	90.6	98.2	75.2
Other deposits.....	38.5	38.4	40.7	38.5	39.4
Government securities ..	87.4	96.8	96.8	95.8	96.4
Discounts and advances ..	10.8	6.0	5.9	6.5	7.1
Other securities	13.4	17.4	18.4	19.4	19.1
Proportion	32.5%	29.8%	32.0%	33.9%	33.3%

The main change in the banking department is a concen-

tration of funds in public deposits, which have risen by £22.4 millions. This is due to the fact that there are few Treasury bill maturities this week until Saturday, August 1st, and so the Government has not so far been repaying bills. Payments for new Treasury bills, which have been going on all the week, have reduced bankers' deposits by £23.0 millions.

The Foreign Exchanges.—The London market has been very quiet. The spot franc rate has weakened fractionally from Frs. 75 3/4 to Frs. 76, and there were rumours that the British Control had intervened, but these have not been confirmed. The three months' rate is unchanged at Frs. 2 1/2 discount. The Banque de France return for July 24th shows an increase of Frs. 145 millions in the bank's gold holdings, at Frs. 54,832 millions. The Government has continued to replace rediscounted Treasury bills at the Bank by provisional advances, for the former are reduced by Frs. 1,336 millions to Frs. 9,059 millions, while the latter have risen by Frs. 836 millions to Frs. 5,274 millions. There has been a net reduction of Frs. 500 millions in the Treasury's indebtedness to the Banque de France, which may be due to the receipt of the first subscriptions to the new bonds. Gold continues to be imported from France into Great Britain. This week's movement is no less than £12.0 millions, and raises the total importation for the past four weeks to £28.7 millions. This must represent gold formerly held in Paris under British ear-mark, and the total now begins to approach the size of the Bank of England's gold purchases since the end of April, amounting to £37.2 millions. Spot dollars have been steady at \$5.02, while there has been no change in either the Dutch or Swiss spot and forward rates.

National Bank of Australasia.—The Directors this year are able to report a further expansion in the bank's business. Deposits are in the aggregate higher, and the accounts show some transfer of funds from current to deposit account. Among assets, cash is little changed, but there has been a greater demand for credit by the bank's customers, so that discounts and advances are higher. To meet this demand the bank has had to reduce its more liquid assets, such as Commonwealth Treasury bills and investments. This expansion in the bank's business is reflected in higher profits, and while the interim dividend was unchanged at 5 per cent., the directors are recommending a final dividend of 5 1/2 per cent.

	March 31, 1934	1935	1936
Liabilities:—			
Capital	£'000	£'000	£'000
Reserve fund	5,000	5,000	5,000
Exchange reserve	3,000	3,000	3,000
Note circulation	300	300	300
Deposits:—			
(a) Government	155	194	334
(b) Other, not bearing interest	11,891	12,270	13,587
(c) Other, bearing interest	24,167	24,586	23,848
Assets:—			
Cash and call money	4,262	5,437	5,567
Commonwealth Treasury bills	2,835	3,225	2,670
Investments	2,943	3,096	1,662
Bills receivable and in transit	3,710	2,565	3,575
Discounts and advances	30,671	31,183	32,446
Gross profits	1,087	1,087	1,163
Expenses	742	752	781
Taxation	72	59	88
Net profit	274	276	294
Dividend	5%	5%	5 1/2%

The ratio of discounts and advances to deposits has risen from 84.3 to 86.1 per cent., while that of cash and Treasury bills and deposits has fallen from 23.4 to 21.8 per cent. As we pointed out last April, during 1935 the Australian pendulum swung in the direction of recovery, higher purchasing power and heavier imports. This increased the demand for credit from the leading banks, and for the moment they have lent nearly up to the prudent limits of their resources. Still, the accounts of this and other banks show that they are still carrying an adequate margin of cash and quick assets behind their deposits, and there is no sign of over-lending or serious credit stringency developing.

THE STOCK EXCHANGE

HOME RAILWAY PROBLEMS

THE duplicated and triplicated expresses which leave their termini for sea and mountain this week-end will carry many "tired bulls" of railway stocks. Home railway dividends, like the Abyssinian (and the British) climate, have seasons of the Greater and the Lesser Rains. The final dividends for 1935 were deemed moderately encouraging, but the interim declarations for 1936 have so far made a curiously mixed showing. Although London, Midland and Scottish stocks, for example, have been marked up on this week's dividend, quotations for "marginal" railway stocks are, with few exceptions, well below the highest points achieved more than two years ago. London, Midland and Scottish ordinary, for example, which touched 30 1/2 in 1934, are only 26 1/2 to-day. Great Western ordinary, which were dealt in at 66 1/2 in the first phase of the "recovery" period, are now no better than 51 1/2. Southern deferred stand at 22 1/2, against 32 1/2 in 1934. The London and North-Eastern, which is carrying the heaviest load of difficulties of the Big Four, sees its 4 per cent. second preference stock—which has become the real "equity stock" for this line—at no more than 28, against a maximum quotation of 46 1/2 in 1934. The prices of its 5 per cent. preferred stock at 11 1/2 and its deferred stock at 5 1/2 are little more than option money.

The reasons for the failure of home railway stocks to share in the rise in industrial security values are evident on the most superficial comparison between railway gross traffic receipts and the *Economist* Business Activity Index—which, for reasons we explained last week, may be regarded as the most sensitive of existing economic barometers. Between 1929 and 1933 our Business Activity Index declined by 10 per cent., while the combined gross railway receipts of the four lines fell by 20 per cent. In 1934, business activity rose by 8 per cent. and railway receipts by only 4 per cent. In 1935, business activity was 4 per cent. and railway receipts only 1 per cent. higher than in the preceding year. In the first six months of 1936, business activity has been running, on the average, 6 per cent. above the corresponding period of 1935. The gross receipts of the four railways, for the first thirty weeks of this year, however, show a rise of only 3 per cent.

The first reason for the market's hesitant attitude, therefore, is that the railways appear to have had more than their share of depression and less than their share of recovery. Between 1929 and 1933, they were fighting simultaneously on two fronts, for general business recession coincided with the worst phase of road competition. The latter not only reduced aggregate railway receipts, but altered their general balance and left the companies more dependent on the heavier traffics, like coal and steel, which were notoriously subject to cyclical influences. The year 1933, which marked the turning-point of the cycle, was noteworthy also for the passing of legislation limiting the fleets of road hauliers, but not those of manufacturers and retailers transporting their own goods. Broadly, the railways' policy has been to attract passenger traffic by effective reductions of fares—in 1935 they carried 7.4 per cent. more passengers than in 1933, but receipts from ordinary and workmen's fares increased by 5.9 per cent. There has been no comparable reduction, however, in average goods charges. The earlier stages of business recovery helped the railways only moderately. As Sir Josiah Stamp pointed out last February, a reduction in shipbuilding and coal, offset by higher production, say, of wireless sets, silk stockings and films, leaves the railways the losers on balance.

Now, at long last, the tide of recovery has reached those industries which are characteristic users of railway transport. Passenger receipts for the first 30 weeks of this year show a rise of only 0.7 per cent., but coal receipts and general merchandise are each higher by 4.6 per cent. A continuation of this tendency would benefit the "heavy" Northern lines—the L.M.S. and the L.N.E.R.—

most, the Great Western (a "coal and passenger" line) next, and the Southern (a "passenger" company) least. In fact, of a total gain over 1935 for the first thirty weeks of £2,424,000, some £1,289,000 has gone to the L.M.S., whose receipts show a rise of 3.8 per cent. The L.N.E.R. has taken £734,000, representing a gain of 2.9 per cent. The Great Western's share of £286,000, on the other hand, is equivalent to a rise of only 2 per cent., and the Southern's £115,000 to 1 per cent.

If dividends rose in exact proportion to gross receipts, the immediate outlook for stockholders would be fairly satisfactory. But, unfortunately, in the first half of this year there has been a tendency for expenses to rise *pari passu* with revenue. The Southern's railway receipts for the first six months (including an extra day for leap year) showed an increase of £190,000, but railway working expenditure rose by £183,000. The London and North-Eastern's total receipts were up by £819,000, and expenditure rose by £806,100. The London, Midland and Scottish, whose figures are received as we go to press, show a half-year's rise of £1,200,000 in receipts and of £700,000 in expenditure. The company, with increased net earnings of £440,000, is paying a full half-year's dividend on its 1923 preference stock.

The differences between the expenditure figures of these companies cannot be attributed merely to higher direct costs of operation. The London and North-Eastern, for example, has been placing orders for freight rolling stock in excess of the programme of recent years, to cope with the actual and prospective increase in demand from the coal, iron and steel trades. The method of accounting followed on this line throws the burden of replacements and renewals more heavily on periods of recovery than in the case of the other three companies.

Broadly, there are four elements in railway expenditure, of whose dimensions investors would like to have a clear idea before they can begin to estimate the future dividend outlook. The first of these, "running expenditure," can be broadly assessed. Normally, something like 40 to 50 per cent. of increased receipts may thus be absorbed. Secondly, rating expenditure has lately been a stumbling-block to the statisticians. Now, the law having said its long and expensive say, the companies have arrived at direct agreements with the local authorities, covering the past quinquennium (1931-36) and the next (1936-41). The effect of this eminently wise and reasonable compromise solution is set out below:—

	(£'000)			
	L.M.S.	L.N.E.	G.W.	Southern
Existing Assessment*				
New "Agreed" Assessment—				
1931-36	3,600	2,600	2,300	1,840
1936-41	1,750	1,100	1,650	1,077†
1936-41	1,500	1,100	1,400	1,077
Estimated overpayments 1931-35 to be refunded by—				
Local Authorities	1,510(a)	1,200(a)	485	400
Freight Rebates Fund.....	3,980(a)	3,230(a)	1,360	1,230
Estimated "saving" for current year (b)	1,095	885	364	326
Equivalent, on marginal stocks....	1.1% (Ord.)	1.3% (2nd Pref.)	0.8% (Ord.)	1.2% (Pfd. Ord.)
"Saving" allowed for in 1935 dividends	885	Nil	Nil	250

* On which rates have hitherto been paid. † Figure decided by the Courts. ‡ No "agreed" figure yet. (a) Approximate figures, which will be affected by assessments to rates in Scotland, to which present agreements do not apply. (b) Compared with actual amounts paid in last five years.

It remains to be seen how far wages increases will offset the reduction in annual expenses. The railways are now due to receive, for the past five years' over-payments, approximately £3 1/2 millions from the local authorities and nearly £10 millions from the Freight Rebates Fund. The former debt is probably "good," for a joint loan will doubtless be arranged for the authorities, but the Fund debt

looks "bad," for the Fund is now bankrupt. Investors, on the whole, would be wise to disregard any "windfall" dividends from these recoupments in framing earnings estimates.

It is in the domain of wages and additional "physical" charges that investors are most at a loss in estimating future prospects. The L.N.E.R. is certainly in a less favourable position, so far as "normal" renewals expenditure goes, than the other three lines. All four, however, have important capital projects on hand. These, when completed, should increase the companies' earnings potentialities; but they are unlikely to have a decisive effect on receipts during the period of construction, i.e. for the next five years at least. They have been financed by a Treasury-guaranteed loan of £27 millions, issued last January, whose low rate of interest is obviously advantageous for the railways. Nevertheless, it marks a far-reaching departure from precedent. A decision is due as we go to press on crucial wage questions, from the representative Tribunal which has risen out of the ashes of the old National Wages Board. It is not unfair to regard railway workers and railway stockholders, in a sense, as rival claimants for the rare and refreshing fruits of increased revenue. Since the war, admittedly (and probably rightly), the workers have increased their share of the pool. Their present demands amount, in fact, to a claim that the restoration of the whole of the wages reductions they have suffered since 1931 should be regarded as a first charge on higher earnings, and the railways are already committed to the restoration of the third quarter of the 1931 "cuts."

The truth is that railway stockholders are at present in the uneasy position of Mahomet's coffin, suspended between heaven and earth. The comfortable theory of the 1921 Act—with its "standard revenue" and its mulcting of the consumer to make good any deficiency—is dead. Stockholders, who cannot strike, have hitherto believed that the ultimate safeguard of their position was the fact that the ability of any commercial undertaking to raise new capital was contingent on the rate it paid on its existing capital. If, in fact, the last Treasury-guaranteed issue is a precedent of a new order in a "controlled" British economy, this last "sanction" of the junior stockholder no longer exists. If future schemes of electrification, etc., are to be financed with the backing of the State, will there be a tendency for the railways' position to approximate increasingly to that of numerous public utility undertakings which have been formed since the war, to administer essential communal services on quasi-commercial lines? The interest of investors in such bodies has frequently been confined to debenture and loan stocks, with a purely nominal ordinary capital.

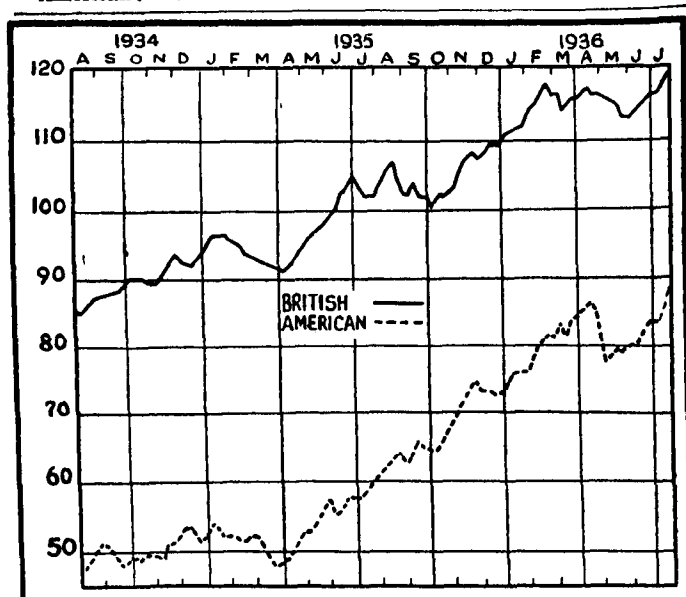
If the long-term trend lies in that direction, it may be necessary to distinguish two very different categories of railway securities. The senior fixed interest stocks, whose service is well covered by earnings now, are likely to be relatively secure in any event. They rank among high-grade fixed interest securities, whose future price and yield will be governed mainly by the long-term trend of general interest rates. The remaining "equity" and "marginal" stocks, however, fall somewhat outside the normal category of "recovery counters" on a near view, and may have, to say the least, limited prospects of capital appreciation on a more distant view. On immediate prospects, L.M.S. ordinary, which is earning approximately 1 per cent., is a more promising stock than Southern deferred, which is earning nothing, for—to take the most optimistic hypothesis—the Southern is much nearer its "standard revenue" limit than the L.M.S. The Great Western may, at last, be within sight of earning the 3 per cent. ordinary dividend which it has paid so regularly. But are the directors likely to pay more, even if earnings rise above 3 per cent., before they have made good their recent drafts on reserves? The outlook for junior stockholders in the L.N.E.R., with its heavy renewals requirements, appears the least promising of all. The senior preference dividends are neither being earned nor paid in full. The second preference stock is earning nothing, and the ordinary stocks fall outside the pale of any contemporary investment calculation.

INVESTMENT AND COMPANY NOTES

Course of Share Values.—During July, the share markets completed their convalescence and resumed their advance. As the annexed chart shows, quotations both in London and New York, at the beginning of the month, had approximately regained the ground lost in the reaction of last spring, so that every gain during July took them into new territory. In both countries, advancing industrial activity remains the mainspring of the upward movement. As we show in a leading article on page 210, neither drought nor a spate of election oratory has checked the advance of American economic indices all along the line. In Great Britain industrial news has, similarly, been almost uniformly good. The burial of sanctions, and the harmonious blacksmithy of the Powers at Montreux and

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

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



London, has enabled the markets to relegate troublesome questions of international politics beyond, at least, the next account-but-one, without losing the exhilaration of new battleship and other re-armament orders. Above all, the Bank of England has been steadily taking in gold, and it has been made clear that there is to be no contraction—but rather an expansion—of abundant supplies of money. Though the pace of the markets slowed down a little at the end of the month, a substantial break in market activity during the holiday period is not expected, and something like an autumnal boom is forecast in a number of quarters—though the question where and when it will reach its peak, and whether the peak will be a major or minor one, finds opinion divided. Meanwhile, the Actuaries' Index (December 31, 1928 = 100) shows that while the average value of 158 representative industrial shares has advanced during the month from 83.1 to 85.0, and the yield thereon has declined from 3.76 to 3.70 per cent., the index of the price of 2½ per cent. Consols has fallen from 152.7 to 150.8:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Year Ago (July 30, 1935)	Month Ago (June 30, 1936)	This Week (July 28, 1936)	Year Ago (July 30, 1935)	Month Ago (June 30, 1936)	This Week (July 28, 1936)
Fixed Interest						
2½% Consols (100)	151.7	152.7	150.8	2.94	2.92	2.95
Misc. Indust. Debs. (17)	125.9	125.7	125.5	3.86	3.92	3.93
Do. Preference (44)	120.6	121.6	122.4	4.26	4.22	4.20
Ordinary						
Cotton (8)	44.1	36.5	41.5	2.22	2.22	2.17
Iron and Steel (12)	82.3	71.7	79.4	3.22	4.12	3.75
Motors (5)	54.4	56.6	58.5	4.84	4.18	4.04
Electric Supplies (10)	118.5	141.4	144.8	4.35	3.85	3.75
Home Rails (4)	66.6	66.4	69.5	1.54	1.64	1.54
Shipping (4)	13.7	16.2	17.8	Nil	0.81	0.77
Miscellaneous (56)	70.1	75.5	77.3	3.98	4.08	3.93

Among ordinary shares, the beneficiaries of last month's activity have been not only the seasoned market leaders and popular favourites in the constructional industries, but also some of the depressed areas of the market, like cotton, shipping and shipbuilding shares.

Agricultural Implement Companies.—The British agricultural machinery trade, though including several famous firms, represents a relatively small section of the engineering trade as a whole. Its total output for 1934, including replacement parts, was £2,617,000, of which £786,000 (or 30 per cent.) was represented by lawn mowers, other than agricultural grass cutters. Agricultural machinery proper thus covered an output of, say, one-sixth of the output of the textile machinery industry, even on the textile machinists' present restricted basis. Against this relatively small total rise, however, the investor may put the fact that a large part of the business is now concentrated in the hands of the Ruston and Hornsby group. Both directly and through its holding of the entire ordinary share capital of Ransomes, Sims and Jefferies, Ruston and Hornsby also controls the businesses of Barford and Perkins and of Aveling and Porter. Though not its only interest, therefore, agricultural machinery accounts for a substantial part of Ruston's business. Demand for agricultural implements has expanded considerably with the incipient revival in agriculture and—not least—with the considerable

	(Profits in £'000)						
	1930	1931	1932	1933	1934	1935	1936
British Co.'s							
Ransomes, Sims & J. (March 31):—							
Earned for Pref. ...	20.1	Dr. 28.3	Dr. 18.0	Dr. 27.1	13.9	24.5	55.7
Earned for Ord. ...	9.1	Dr. 39.3*	Dr. 29.0*	Dr. 38.1*	2.9*	13.5*	44.7*
Earned %	1.8	Nil	Nil	Nil	0.7*	2.8*	9.9*
Ord. div. %	Nil	Nil	Nil	Nil	Nil	Nil	2½
Ruston and Hornsby (March 31):—							
Earned for Pref. ...	29.6	Dr. 62.3	Dr. 119.3	Dr. 76.1	45.3	80.3	109.8
Earned for Ord. ...	6.1	Dr. 85.8*	Dr. 142.8*	Dr. 99.6*	21.8*	56.8*	86.3
Earned %	0.4	Nil	Nil	Nil	1.1*	6.0*	7.6*
Div. %	Nil	Nil	Nil	Nil	Nil	Nil	5
Non-British Co.'s							
Internatnl. Harvester (Dec. 31):—							
Earned for com. \$	20,057	Dr. 4,389	Dr. 13,310	Dr. 7,604	Dr. 1,769	13,913	...
Earned \$ per share	4.55	Nil	Nil	Nil	Nil	3.28	...
Div. \$ per share	2.50	2.50	1.50	0.60	0.60	0.75	...
Massey-Harris (Nov. 30):—							
Earned for Pref. ...	Dr. 922.5	Dr. 4043.4	Dr. 3827.5	Dr. 3305.7	Dr. 2210.0	Dr. 1420.7	...
Pref. div. paid to 1930.					None since.		
Separator ('000 kr.) (Dec. 31):—							
Available distribtn.	3,634	1,869	Dr. 535	1,277	3,100	4,926	...
Div. cost	4,902	1,834	Nil	Nil	2,451	4,085	...
Div. %	6	2	Nil	Nil	3	5	...

* After normal preference dividend requirements. The earnings of Ruston and Hornsby for 1935 and the earnings and dividend for 1936 are on the capital as reduced by the 1935 scheme.

State aid which agriculture now enjoys. Between 1933 and 1934 total output of agricultural implements rose from £2,110,000 to £2,617,000, while the rise in imports (other than tractors) from £234,783 in 1934 to £306,172 for 1935 and to £356,977 for the first six months of 1936 suggests further vigorous recovery since 1934. Ruston's ordinary shares (on which dividends were resumed last year after a lapse since 1929) thus offer quite an interesting stake in the recovery of British agriculture. For those who are willing to invest in America a much larger industry is available, with a gross output (including tractors) of over £100 millions in 1930. Last year the gross output was \$331,998,066 (say, £65,400,000), which represented a sharp recovery over 1931-34. Though exports now only take about 10 per cent. of the total American output, they are, absolutely, considerable; and they give the trade a stake in the revival of the large-scale farming communities in other parts of the world. International Harvester or (more speculatively) the Canadian Massey Harris are shares in the American field. The dairying industry might be covered by the Swedish A/B Separator.

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Lord Essendon on Shipping.—Perhaps the greatest tribute to Lord Essendon's management is the fact that Furness Withy may pay an ordinary dividend next year. The measure of this achievement was given by the chairman's review, at the annual meeting on Tuesday, of the impact of rabid economic nationalism on shipping—the most international of all industries. Some years ago Furness Withy built six steamers specially for the New York-London service. To-day, owing to the competition of subsidised United States tonnage, the service has been abandoned, and of the six steamers five have been sold at a loss and one remains laid up. In the last few weeks the President has approved new regulations, under which subsidies up to 33½ per cent. (or 50 per cent. in exceptional cases) of construction costs will be provided by the American Government, and owners will be remunerated for any excess between their own operating costs and those of their competitors in foreign countries. This is an example—though perhaps an extreme example—of the uneconomic conditions which British shipping has to face almost all over the world. The British Government itself is by no means guiltless, and many of its measures have had consequences unforeseen by their promoters. The Treasury guarantee for new tonnage construction under the Trade Facilities Act, in Lord Essendon's opinion, served the interests of shipbuilders much more than those of ship-owners, and the "scrap and build" scheme may, similarly, tend to increase rather than decrease competition in the industry. "A great deal of the tonnage which is being scrapped under this scheme is tonnage which was unlikely to be put into effective service under normal conditions, and it is being replaced by modern tonnage of the most efficient character, which consequently will be actively competitive with existing vessels." The Government's meat policy, again, closely touches the shipping interest. Lord Essendon had obviously weighed his words very carefully when he declared that if the projected arrangements envisaged a further substantial reduction in the Argentine meat quota, and agreement could not be reached for a longer period than three years, his company would find it "impossible to contemplate the construction of new tonnage" to replace tonnage which had "reached the normal limit of its period of usefulness." Other matters discussed by Lord Essendon are dealt with in a leading article on the shipping outlook on page 221 of this issue of the *Economist*. It is clear, however, that while the chairman of Furness Withy regards international governmental action as essential if world shipping is to be rescued from its present plight, the company itself is making its strategic dispositions with a view to guarding, as far as possible, against all eventualities. It has extended its minority investment in Shaw, Savill and Albion to a hundred per cent. holding in order to secure definite participation in an Empire trade—between the United Kingdom, New Zealand, Australia and South Africa—which may well have possibilities as a set-off to any decline in Anglo-Argentine trade. Furness Withy, in fact, is going East.

Edmundsons Comes Home.—The visit of Mr Floyd B. Odum, on which we commented a fortnight ago (page 125) has fulfilled our anticipations. It is announced that, after negotiations with Mr Odum, Lazard Brothers (acting on behalf of themselves and associates) have bought the holdings of Utilities Power and Light Corporation (controlled by the Odum interests) in Greater London and Counties Trust. The latter concern acquired 73 per cent. of the £3,740,000 ordinary capital of Edmundsons Electricity Corporation in 1928. No further official details have been issued, but it is believed that some weeks must elapse before the transaction is completed. It will undoubtedly rank as one of the most important repatriations of British capital in recent years, involving, at the current market price of the shares, approximately £5,950,000. At present, however, no particulars of the purchase price nor the composition of the consortium are available. Meanwhile, investors may be somewhat perplexed by a statement by an august contemporary which suggests that transactions involving the repatriation of control of important British enterprises are "of course, not objected to by the Treasury." In fact, such transactions are explicitly included in the terms of reference of the Foreign Transactions (Advisory) Committee, which, it is understood, has regard to the individual merits of each transaction. The suggestion that automatic approval awaits such repatriations would certainly not appear to have been borne out, e.g. by the Upsons Case. Such a relaxation of official policy would doubtless be warmly welcomed, but the question is so obviously important as to deserve a clear statement from the appropriate authority—the Foreign Transactions (Advisory) Committee.

Multiple Tailoring Prosperity.—The preliminary statement of Prices Tailors' profits, the operating company in the "Fifty Shilling Tailors" group, shows a further spectacular expansion of earnings. For the third year in succession profits have jumped by £100,000, and total approximately £446,000 for the year to June 30th. The ordinary capital, which is entirely held by Prices Trust, receives £162,000 in dividends, after deduction of tax, compared with £88,156 in the first trading period from October, 1934, to September, 1935. The Trust proposes to pay a total dividend of 30 per cent. on its ordinary shares, compared with 15 per cent. a year ago. The successful expansion of factory tailoring by this and other firms may be ascribed to efficient management, both at the manufacturing and retailing end, which has attracted custom from the bespoke tailoring trade. Its finance, however, has been characterised by special and somewhat unusual features. Both this group and the Montague Burton undertaking were built up in their earlier stages largely from the ploughing-back of profits. Their subsequent finance, however, shows an increase in group prior charges and a raising of the ultimate equity gearing. Thus, Prices Trust, which has a 50-50 preference and ordinary capital, holds the equity of the operating concern, the latter also holding the relatively small equity capital in Prices Tailors' Properties, which owns the shop properties of the group. Similarly, the Montague Burton undertaking formed Montague Burton Estates in October last, which acquired properties leased to the operating company at fixed rents. This week, issues of debenture and preference capital have been made by a second property-owning subsidiary—Montague Burton Shop Properties—which has acquired other properties under a similar arrangement. These subsidiary company prior charges are often accorded a somewhat superior ranking, to similar securities of the operating company, since their service is payable from a prior rent charge. The formation of such property-owning subsidiaries has, from this viewpoint, definite financial advantages, but if it were carried to an extreme, in any particular case, it might tend to weaken the equity of the parent company's shareholders.

Beet Sugar and the Investor.—Beet sugar has been in the news this week, on both sides of the Irish Channel. At home, the expected "statement for information" has been published on behalf of the British Sugar Corporation.

The constitution of the corporation was described on the publication of the Sugar Industry (Reorganisation) Bill in the *Economist* of February 8th. The statement shows that the amalgamation has closely followed the principles enunciated in the Bill and the Government's White Paper, which were little changed in Parliamentary discussion. The fixed assets of the fifteen constituent companies (valued in their books at £5,195,363) have been acquired for £5,000,000 in £1 ordinary shares, and the vendors will subscribe £750,000 2½ per cent. Treasury-guaranteed debenture stock, in order to provide the necessary working capital. Past ordinary share earnings afford no guide to the future profits of the Corporation. These will be determined by operating efficiency and the rate of Exchequer assistance, which will vary from year to year. Normally, ordinary dividends may not exceed 7 per cent., but drafts made upon reserves to pay a 4 per cent. dividend in any year may be provided for, with the approval of the Sugar Commission and the Government, in the assistance granted in the following year. The opening price of 21s. 3d. appears reasonable for a basic 4 per cent. share, but future earnings depend not merely on economies, which have been stressed in the market, but also upon the annual revision of assistance. From Dublin comes the report of the Irish Sugar Company, showing a trading profit of £270,131 for the year to April last. From this amount as much as £148,843 has been written off factories and plant, which now stand at £1,597,283, and an ordinary dividend of 5 per cent. has been comfortably earned. Increased deliveries of beet were taken during the 1935-36 campaign. Factory efficiency, therefore, improved, and a corresponding increase in molassed pulp met a better demand for feeding purposes. The Irish Sugar Company is in a strong position since, under its monopoly, it may restrict imports of sugar to those quantities and types which it is unable to supply. Although autarchy in sugar production may be anathema to the non-farming taxpayer, the necessary Government bounties ensure the financial stability of the home refining companies, although they operate in a wholly uneconomic terrain.

Good Copper News.—The copper shareholder has enjoyed a bounty of good news this week. It is announced, first, that companies participating in the voluntary Restriction Scheme are permitted, from August 1st, to produce 75 per cent. of their standard tonnages, compared with the rate of 70 per cent in force since the scheme was inaugurated in June last year. Although it has always been claimed that the scheme (which now runs until July, 1938) is more flexible than other restriction arrangements, the short notice granted to the mines came as a surprise to the market. Recently, the possibility of increased production had been canvassed, on the rise in copper prices, for a quotation between £38 and £40 has generally been regarded as pivotal. The Committee's decision, therefore, confirms the lower estimate. It has been repeatedly urged in these columns that the Rhodesian producers enjoy greater relative benefit from a moderate increase in production than from a moderate increase in copper prices. It seems doubtful, however, whether a further increase in production is sufficiently near at hand to affect the market, in view of the statistical position, although the metal market, both in London and New York, may well remain firm for some months to come. The expansion in the quota will be of considerable benefit to Rhokana Corporation, whose preliminary statement of profits has impressed the market this week. After charging debenture interest, depreciation and development costs, an estimated profit of £610,000 has been earned for the year to June last—comparable, it would appear, with a sum of £325,000 for the previous year. The total dividend on the ordinary and "A" ordinary shares is raised from 12½ per cent. to 17½ per cent. For the first half of the year, profits were estimated at £250,000, and the rate of £720,000 per annum earned during the second six months may well be increased during the current year, on present indications. The latest earnings are equivalent to about 21 per cent. on the ordinary shares. These, at 6½, yield 2.7 per cent. in cash, and 3½ per cent. on earnings, and carry a prospective

earnings yield of, say, at least 4 per cent during the current year, if the copper situation remains favourable. The current price is therefore looking some distance ahead, but the long-run prospect seems sound.

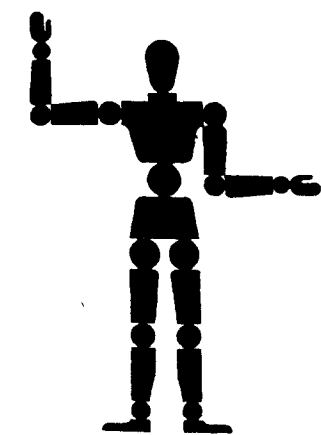
Tin Tactics.—By an irony of fate, the chairman of Consolidated Tin Smelters, Mr Ernest B. Pearce, was reading his speech to shareholders, reviewing the outlook for tin in hopeful terms, almost at the identical moment when the delegates of the International Tin Committee were drafting, in Singapore, a communiqué disclosing an apparently complete breakdown in the negotiations with Siam for the renewal of restriction after the end of this year. It was believed that the Committee had cleared its worst hurdle when Bolivia agreed to cancel her arrears of production, and that Siam would be brought in, without undue difficulty, by the promise of a substantially increased quota. Apparently, Siam asked for 18,000 tons and the Committee was prepared to offer only 15,000 tons. Apart from the normal procedure of Eastern bargaining, there are "political" considerations on both sides. Certain rubber interests are reported to have made representations to the British Colonial Office against the giving of undue concessions to Siam on tin—presumably lest she should be encouraged to demand them, later, for rubber. On the other side, Japan, through the firm of Mitsubishi, is said to have been wooing Siam with a proposal that, in effect, the two countries should pool their production, outside the scheme, and market it through Japanese intermediaries. The fall of over £7 in tin prices which ensued immediately on the news of the breakdown (and has left the present price at £182, against a maximum, earlier this year, of £217 per ton) was doubtless not wholly unwelcome to the International Committee, as a reminder to Siam of the economic consequences of recalcitrance. It is now announced that Siam has agreed to the continuance of restriction "in principle," and the odds are on eventual agreement on a 15,000 or 16,000 tons quota, which would satisfy both honour and economics, and leave neither party a loser on the deal. Meanwhile, the prophecy of the chairman of Consolidated Tin Smelters, that the company would smelt a materially increased quantity of ore during the present year appears likely to be fulfilled. Quota releases under the control scheme during 1935 averaged 58½ per cent. of the 1929 standard tonnage and for the first six months of this year have averaged 87½ per cent. The world's tin consumption rose from 117,500 tons in 1934 to 142,500 tons in 1935, and has been running for the first six months of 1936 at an estimated rate equivalent to 151,000 tons per annum. The company, which owns the shares of smelting concerns at Penang, Bootle and Redruth, is directly interested in the continuance of the policy of increased releases. If lower prices—which still leave efficient Eastern producers with a handsome margin of profit—are a further stimulus to increased world consumption, their results may well be beneficial for all concerned.

Other Company Results.—This week's table of profits, which appears on page 249, shows a seasonal contraction to 25 companies. *Showells Brewery* reports a profit of £31,682 for the full year to June 30th and maintains the annual rate of dividend on the ordinary shares at 30 per cent. *Colchester Brewing*, whose income is derived from rentals and not from trading, shows an apparent decline in net profits to £14,778, but shareholders this year receive a special distribution from income tax reserve no longer required. The *Pearson and Knowles* group results for the eighteen months to June last show a perceptible improvement but the financial position of the parent concern and *Partington Steel and Iron* remains difficult, and the cash position strained. In the textile group, *Kelsall and Kemp* report a significant rise in profits from £19,386 to £44,533, ordinary dividends being resumed at 5 per cent. *Isaac Holden* has raised the ordinary distribution from 11½ to 13½ per cent., tax free. The brewery dividends, undoubtedly, are the most interesting feature of the week's company news. The *Guinness* dividend is maintained at 29 per cent., to the

market's disappointment. Profits are approximately £30,000 higher at £2,043,209. *Wainey, Combe Reid* increase the total dividend to 18 per cent., against 16 per cent. with a 12 per cent. final and bonus payment, while *Friary Holroyd and Healey's* dividend is raised from 11 to 13 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—*Cómhluclht Siúicre Eireann, Teoranta* (Irish Sugar Company), *McDougalls Trust*, *Furness Withy and Company*, *Gold Fields Rhodesian Development*, *Consolidated Tin Smelters*, *Southern Kinta Consolidated*, *Bukit Mertajam Rubber*, *Trojan (Holdings)*, *Tanganyika Concessions*, *Amalgamated Banket Areas and Griffiths Hughes Proprietaries*. Comment on the position of the Irish Sugar Company will be found on page 230. Mr K. A. E. Moore, at the McDougalls Trust meeting, referred to the installation of automatic plant which was expected to reduce packing costs. Lord Essendon's speech at the Furness Withy meeting is discussed on page 229. The Chairman's speech at the Consolidated Tin Smelters' meeting is discussed on page 231. Captain Lyttelton, at the Southern Kinta Consolidated meeting, referred to the stabilising of operations by the use of the company's six dredges. At the Bukit Mertajam Rubber meeting the Chairman reported that the directors were well satisfied with the new Kedah estate, which would provide a valuable source of young rubber. At the statutory meeting of Trojan (Holdings) the Chairman said that the company was considering the introduction of new types of commercial vehicles specially suitable for railway companies. At the first meeting of Amalgamated Banket Areas, Mr Latilla pointed out that the company's vast area had led them to embark on a more ambitious programme for the future. Sir Bertram Hyde Jones, at the Griffiths Hughes Proprietaries meeting, declared that the company had one of the finest selling organisations in the

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world. At the Gold Fields Rhodesian Development meeting, Mr Christopherson summarised the progress of the company's investments in various areas. Sir Robert Williams, at the Tanganyika Concessions meeting, pointed out that the Union Minière bonus issue would permit a reduction in the book value of the shares now held.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET
AUGUST 11

ACCOUNT
AUGUST 13

PROFIT-TAKING, like rumour, is quick to spread, and there were occasions earlier this week when realisation—much of it of a professional character—was as widespread in scope as the greatest activity of the previous week. The news of cancelled holidays in France by King and Premier tilted the scale just at the moment when a large part of the market was disposed towards quick profit-taking. The iron and steel group was first to suffer, but also first to recover, and a livelier market was evident at the turn of the week, with home rail stocks distinctly strong on a plethora of news. The interruption of the holiday bull market, however, came at an inopportune time for a subsequent revival in general activity, and the industrial market contented itself with moderate support in iron and steel shares, and with special attention for certain favourites, like Turner and Newall.

The gilt-edged market has been very firm throughout the week, due partly to the Chancellor's expectations that taxpayers have seen the worst of the re-armament burden, and to the evidence of continued cheap money. Corporation issues have been equally firm, recent new issues having been very successful, and during the week the Plymouth loan was very considerably oversubscribed. Business in the Ayr Threes started at a small premium. India and Dominion stocks have been steady, apart from some selling in anticipation of the Sydney issue. In the foreign bond market, German issues made a substantial recovery at the end of last week on the decision to invite Germany and Italy to the Locarno conversations, but this week they became somewhat easier on the less favourable European situation. The poor support for the French Treasury baby bonds and the continued weakness of the internal situation led to some selling of French bonds. Chinese loans have been dull.

Home rails have been in very good form this week. Great Western improved in anticipation of better trading conditions in South Wales, and a general rise set in after the L.M.S. decision to pay full interim dividends on all Preference stocks for the half-year. A further encouraging factor was the rating decision and the prospect of an early settlement of the wages question. In the foreign rail market, Argentine issues were firm at the end of last week, but reaction set in this week in spite of improving traffics. Brazilians were firm, and among Americans, Norfolk and Western were outstanding.

Price movements in the industrial share markets have been rather irregular this week, the approach of the holidays discouraging new commitments. Iron and steel shares became undecided after heavy profit-taking, the only outstanding points being slight improvements in John Brown, Cammel Laird, and Vickers, following the placing of contracts for the new Atlantic mammoth, and the two battleships. Tube Investments improved on the proposed issue of ordinary shares. In the motor section, Leyland moved up on the order from London Transport, and movements in the aircraft section were irregular. There was less certainty in the electrical equipment group than last week, but in mid-week Crompton Parkinson made a good recovery, and there was a firmer appearance in the supply section under the influence of the Edmundsons deal.

Irregular movements have prevailed in textile shares, with some support for Tootal Broadhurst on dividend anticipations, and the rayon section has been very quiet. Woolworth reached a new high level at the end of last week, but became dull this week along with other stores shares. Brewery shares were mostly lower. In the miscellaneous industrials group business has been selective and on a small scale. Turner and Newall further advanced, and in mid-week cement issues were a little higher. Imperial Continental Gas were bid for in the belief that they will benefit from the Edmundsons deal. British Oxygen lost ground at the opening of the week, but improved slightly later.

The oil shares market reached its peak at the end of last week, and business has been much duller since Monday, when Trinidad Leaseholds reached a new high. Profit-taking has been in progress most of the week, and business has been restricted, except for fairly active dealings in Eagle issues. The rubber and tea shares markets have been thoroughly depressed, with business at negligible proportions. The Kaffir market has been generally subdued, with the approach of the holiday stifling all interest. The Western issues have been relatively firm, with support shown for Venterspost and West Witwatersrand and a slightly firmer tendency spread round the market in mid-week. West Africans remain one of the duller sections of the market, apart from a little support for Ashanti Goldfields. Rhodesian copper descriptions were brighter on the higher Rhokana interim dividend, and the increase in production quotas. Roan Antelope, Zambesia and Rhodesia Anglo all improved. Break-down of the negotiations with Siam for continuation of the tin restriction scheme provoked a general marking down of quotations throughout the market, but later this week hopes of a satisfactory agreement with Siam led to an equally general recovery.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to July 24, 1936	July 23, 1936	July 24, 1936	July 27, 1936	July 28, 1936	July 29, 1936	July 30, 1936
Government and Municipal Loans	5,240	968	967	1,187	719	819	1,359
Transport, Communications, and Public Utilities	5,723	1,186	1,150	1,147	815	999	1,087
Commercial and Industrial	25,997	5,054	5,377	5,158	3,906	4,330	4,552
Banks, Insurance and Financial	2,541	528	507	622	339	472	468
Mines (including Nitrate)	7,025	1,469	1,362	1,253	1,034	1,130	1,053
Oil	1,342	223	270	376	200	219	225
Rubber, Tea and Coffee	1,164	174	191	305	166	170	205
Total	49,032	9,602	9,824	10,048	7,179	8,139	8,949
Corresponding day in 1935	...	6,973	7,615	8,007	7,224	7,674	8,355

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

	Highest of 1936 (July 23)	Lowest of 1936 (Jan. 2)	July 23, 1936	July 24, 1936	July 27, 1936	July 28, 1936	July 29, 1936	July 30, 1936
115.2	107.4	115.2	115.0	114.7	114.0	113.7	113.9	

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

	Highest of 1936 (Feb. 19)	Lowest of 1936 (June 26)	July 23, 1936	July 24, 1936	July 27, 1936	July 28, 1936	July 29, 1936	July 30, 1936
138.4	136.2	137.2	137.3	137.3	137.4	137.5	137.5	

FOREIGN STOCK EXCHANGES

NEW YORK

WALL STREET has been enthusiastic on the improved second-quarter earnings reports made by a large number of industrial corporations, and by the non-appearance of the usual seasonal business recession. At the end of last week motor stocks, and Chrysler in particular, led the market, and the reports of rising steel activity encouraged a further rise in steel shares. This week's business opened very strongly, with rises of up to five points, despite some profit-taking, the chief encouragement coming from the Consolidated Edison and General Motors statements. Later in the week, continued profit-taking kept prices in restraint, but the tone remains very confident. The sugar group continues to be attractive, but steel shares have suffered from disappointment with the U.S. Steel Preferred distribution. In the bond market Treasury issues have been firm, but International Telephone bonds reacted on the discouraging news from Spain. Business reports are still very good, and Iron Age estimates steel mill activity for the week at 71.5 per cent., compared with 71 per cent. a week ago. Electricity output for the week ending July 25th was 14.5 per cent. higher than the corresponding

week of 1935. The business outlook still seems set fair, and investors and speculators are becoming more confident.

	July 22, 1936 (Close)	July 29, 1936 (Close)	July 30, 1936 (Latest)		July 22, 1936 (Close)	July 29, 1936 (Close)	July 30, 1936 (Latest)
1. Rails & Transport				4. Manufacturing			
Atchafalaya	83½	85	83½	Briggs	52½	54½	54½
Balt. and Ohio	20½	21½	21½	Chrysler	119½	120½	121½
B.M.T.	49½	52½	51½	Electric Autolite	39	40½	39½
Can. Pacific	12½	12½	12½	General Motors	70	70	70
Ches. and Ohio	66½	67½	67½	Hudson Motor Car	17	16½	17
Gl. Nthn. Ry. Pk.	39½	39½	40½	Murray Corp.	18½	18½	18½
Illinois Central	23½	24½	24½	Nash Motors	16½	16½	16½
N.Y. Central	39½	39½	40½	Packard Motor Car	11½	10½	10½
Nor. Pac.	27½	27½	27½	Bendix Aviation	28½	28½	28½
Pennsylvania R.R.	37	36½	37½	Boeing Aircraft	25	28½	28½
Southern Pac.	39½	40½	40½	Douglas Aircraft	68½	78½	79½
Southern Ry.	47½	47½	48½	United Aircraft	27½	28½	28½
Union Pac.	135½	137	137	Air Reduction	89	78	78
Greyhound Corp.	62	61½	61½	Allied Chemical	211	221	221

2. Utilities and Communications				U.S. Ind. Alcohol	33½	34	34
Am. Waterworks	25½	26½	26½	General Electric	47½	51½	52½
C'wealth & S'tern	3½	3½	3½	Westinghouse	134	138½	138½
Cons. Edison	41½	42½	42½	American Can.	135	132	132
Con. Gas & Electric	92½	22½	22½	Addressograph	26½	27	26½
Elec. Bond & Share	24½	25½	25½	Caterpillar	75	75½	75½
Nat. Pwr. and Lt.	12½	12½	12½	Cont. Can.	78	78	78
North American	32½	34½	34½	Ingersoll Rand	128	133	133
Pac. Gas & Electric	47½	48½	48½	Inland Harvester	82½	84½	84½
Pac. Lighting	57½	58	57½	John Manville	109	117½	117½
Pub. Service N.J.	46½	47	47	Am. Radiator	21	22½	22½
Stan. Gas & Elec.	7½	7½	7½	Corn Products	72	67	67
United Corp.	8	8½	8½	J. I. Case and Co.	162	168	164
United Gas Imp.	17½	17½	17½	Glidden Co.	46½	42½	42½
Am. Tel. & Tel.	170	171½	172	Gen. Am. Transp.	55	55½	55½
Int. Tel. and Tel.	40	40	40	Allied Mills	25	24	24
Western Union	88½	88½	88½	Celanese of America	28½	25	28½
Radio	12	12½	12½	Ind. Rayon New	28	30	30
Radio 3½ C.Y. 1st Pref.	78½	79½	78½	Colgate Palmolive	13½	14½	14½

3. Extractive and Metal Industries				5. Retail Trade and Food			
Am. Rolling Mills	26½	27½	27½	Montgomery Ward	44½	46½	47½
Beth. Steel	53½	55½	55½	I. C. Henney Co.	79½	80½	80½
Beth. Steel Pref.	113	116	116	Sears, Roebuck	89	89	89
Republic Steel	20½	21½	21½	United Drug	13	14½	14½
U.S. Steel	62½	64½	64½	Walgreen	33	33½	33½
U.S. Steel Pref.	127	129½	130½	Woolworth	52½	54½	54½
Alaska Juneau	13½	13½	13½	Borden	30½	31½	31½
American Metal	32½	31½	31	Gen. Foods	40	38	37½
American Smelting	87½	88½	88½	Kroger Grocery	21	21½	21½
Anaconda	39	39	39½	Nat. Biscuit	33	32½	32½
Bohn Aluminium	46½	47	47	Nat. Dairy	27½	26½	27
Cerro de Pasco	54½	52½	52½	Standard Brands	16	16	16
In. Nickel	50½	51½	51½	Am. Tobacco B.	101½	101½	101½
Kennecott	43½	44½	44½	Lig. Myers B.	108	108½	108½
Patino Mines	11½	11½	11½	Lorillard	24½	24½	24½
Texas Gulf Sulph.	34½	36	36½	Reynolds Tob. B.	55½	55½	55½
U.S. Smelt.	80	76	72	National Distillers	27	28	28
Vanadium Corp.	20	20	20	Schenley Distillers	40½	39½	39½
Atlantic Refining	29½	28½	28½				
Phillips Petroleum	45	44½	44½				
Shell Union	129½	122½	122½				
Shell Union Pref.	14½	14½	14½				
Socoany Vacuum	14½	14½	14½				
Stand. Oil Calif.	39½	38½	38½				
Stand. Oil N.J.	63½	63½	63½				
Texas Corp.	39½	39½	39½				

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

	1935		1936		Beginning of Year 1936		July 15, 1936		July 22, 1936		July 29, 1936	
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest July 29	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
351 Industrials ...	74.5(6)	112.3	112.7	128.9	112.3	126.3	128.2	128.9	128.9	128.9	128.9	128.9
33 Rails	27.4	43.0(w)	42.8	53.7	41.5	52.7	53.2	53.7	53.7	53.7	53.7	53.7
87 Utilities	52.2	93.6	91.2	109.3	93.6	108.1	108.4	109.3	109.3	109.3	109.3	109.3
Total, 421 Stocks	63.1	97.7	97.7	113.3	97.7	111.2	112.7	113.3	113.3	113.3	113.3	113.3
Average yield*	3.02%	4.06%	3.60%	2.85%	3.22%	3.20%	3.29%	3.26%	3.26%	3.26%	3.26%	3.26%

* 30 Industrial Common Stock. (f) March 13th. (e) April 29th.
(a) April 8th. (b) November 13th. (w) December 4th.

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

	Highest*	Lowest†	July 22	July 23	July 24	July 25	July 27	July 28	July 29
151.4	126.2	148.5	149.0	148.5	149.9	151.4	151.1	149.7	

* July 27 † January 6

TOTAL DEALINGS IN NEW YORK

	July 23	July 24	July 25*	July 27	July 28	July 29
Stock Exchange— Shares (No. Thous.)	1,400	1,320	610	1,830	1,900	1,950
Bonds (Thous. \$) ...	9,180	9,840	4,470	10,200	13,920	13,010
Curb— Shares (Thous.)	280	364	232	418	392	403

* Two-Hour Session.

PARIS

THE market's hopes—and fears—during July have been centred on the "baby" bond issue. On the poor public response, it failed to arrest the gradual and relentless deterioration in a

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large number of local securities during the last few weeks. The Spanish troubles did not encourage the Bourse, but it would be unfair to charge the fall in prices to the account of external factors. The domestic situation, with the evidence of rapidly rising prices and costs to the fore, is far from encouraging to local investors. Poor turnover has therefore been accompanied by a widespread decline in quotations. Rentes, in particular, have fallen slowly throughout the month. Earlier apathy could doubtless be attributed to the desire to mark time pending the July 14th holiday and the precise terms of the State Loan. The apparent failure of the loan to fulfil official expectations has accentuated the drooping tendency, and during the last few days it has become even more pronounced. M. Vincent Aurio's precise figure for the baby-bond subscriptions leaves little doubt that the public response has been small. Meanwhile, political fears, which are responsible for much of the present uneasiness, remain, to be dispelled or confirmed as France's New Deal takes shape.

	June 29, 1936	July 15, 1936	July 29, 1936		June 29, 1936	July 15, 1936	July 29, 1936
Banque de France	5,840	6,100	5,625	Wagons Lits	44	40½	39½
Crédit Lyonnais	1,302	1,180	1,048	Mexican Eagle	88½	91½	97½
Suez Canal	19,700	19,700	19,750	"Chartered"	109	109	111
Chargeurs Réunis	219	198	168	Ford	38	37	35
Rio Tinto	1,013	1,029	960	De Beers	641	651	646
Royal Dutch	27,750	26,800	28,500	"Johnnies"	305½	311	301

BERLIN

BOTH bonds and shares were quieter in July. The Reich Treasury Bond issue of Rm. 700 millions in the second half of the month caused a tightness seldom witnessed in the money market. But whereas the average quotation of home bonds, both government and industrial, declined, shares continued to rise (though at a slackened pace), and reached the highest point of the year. Speculative operations in expectation of a general advance were replaced by investment purchases through the banks. The public successively favoured isolated specialities or particular industrial or business groups. Among the specialities, the two leading department stores were in demand, and among the industrial groups, machine-manufacturing and motor-cars. Steel shares were prominent later in the month, the leaders gaining as much as fifteen points. Shipping shares were also heavily bought at times, but only one company made a substantial gain. Late in the month interest turned to the three chief commercial banks, which all passed par. Mexican and Austro-Hungarian pre-war issues were at times in demand. Certificated dollar bonds were a little lower, but Dawes and Young loans fell considerably.

	June 29, 1936	July 15, 1936	July 29, 1936		June 29, 1936	July 15, 1936	July 29, 1936
Reichsbank	194.25	197.00	195.25	A. E. G.	35.90	37.25	38.75
D.D. Bank	92.50	98.50	103.75	Siemens & Halske	205.00	203.00	203.00
Dresdner	93.50	98.50	104.00	I.G. Farben	168.40	171.25	170.25
I.G. Farben	168.40	171.25	170.25	A. K. U.	54.90	52.90	58.10
Norddeutscher	16.50	16.00	16.75	Hamburg-Amer.	14.75	14.50	15.75
Lloyd (New)	16.50	16.00	16.75	("Hapag New")	14.75	14.50	15.75

AMSTERDAM

THE main feature of the market during July was the strength of most branches of the commodity share market, which continued almost uninterrupted until the end of last week, when it was pulled up sharply by profit-taking. The check, however, appeared to be only temporary, and later profit-taking sales were comfortably absorbed. At first, activity in the commodity sections contrasted with quiet—though not depressed—conditions elsewhere. The cheerfulness of this group, however

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935				Prices, Year 1936				Name of Security	Price, July 22, 1936	Price, July 29, 1936	Rise or Fall	Yield July 29, 1936	Prices, Year 1936				Name of Security	Price, July 22, 1936	Price, July 29, 1936	Rise or Fall	Yield July 29, 1936
High	Low	High	Low	High	Low	High	Low						High	Low	(a)	(b)					
944	80	87	83	British Funds				85	85	...	2 19 3	45/6	35/-	5(a)	5(b)	Bank of New Zealand £1	35/-	35/-	...	4 12 0	
118	109	116	113	Consols 2½%				114	114	+	3 1 0	38 1/2	37 1/2	6(a)	6(b)	Bank of England £1 Stk.	37 1/2	37 1/2	+2	3 4 0	
103	97	102	101	Do. 4½% Red. at par on or after Feb. 1937 (n)				101	101	...	2 4 0	80/3	74/9	7(b)	7(a)	Barclay B. (£1)	79/6	80/-	+6d	3 10 0	
107	100	105	103	Conversion 2½% 1944-49				101	101	...	3 1 6	43/3	43/3	3(c)	2(a)	Barcl. (Dom. &c.) A £1	47/-	47/-	...	2 6 9	
112	104	108	104	Do. 3½% 1948-53				104	104	+	2 13 6	10 1/2	8 1/2	3(c)	4(b)	Bk. of Australasia (£5)	9 1/2	9 1/2	- 1/2	4 2 0	
114	108	111	108	Do. 3½% after 1961 (s)				107	107	...	3 1 6	43 1/2	37	8(c)	8(c)	Bk. of Montreal (\$100)	43 1/2	43 1/2	...	4 3 0	
124	115	121	117	Do. 4½% 1940-44				109	109	+	2 11 6	27 1/2	24 1/2	5(c)(a)	5(c)(a)	Bk. of N.S. Wales (£20)	26	26	...	2 18 0	
106	98	104	102	Do. 5½% 1944-64				118	118	+	2 11 6	95/-	76 3/4	6(c)	6(c)	British Overseas A £5	77 1/2	77 1/2	...	7 14 0	
112	104	108	104	Funding 2½% 1956-61				93	93	...	2 17 9	15 1/2	12 1/2	7(b)	7(b)	City of London £1 (55/-)	14 1/2	14 1/2	...	4 18 0	
118	110	117	113	Funding 3½% 1959-69				103	103	...	2 19 0	16 3/4	13 1/4	24(b)	24(b)	Comcl. Bk. India (£5)	14 1/2	14 1/2	...	3 10 0	
104	101	108	106	Funding 4½% 1960-90				117	117	...	3 7 0	85/-	85/-	8(b)	8(b)	District A £5 £1 pd.	87/6	80/-	+2/6	3 14 0	
106	98	104	102	War Loan 3½% after 1952 (p)				106	106	+	2 19 6	56/6	52/-	5(b)	5(a)	Do. B £1 fully paid	55/-	55/-	...	3 12 9	
112	104	108	104	Local Loans 3½%				96	96	...	3 2 0	11 1/2	10 1/2	6(a)	11(b)	Eng. Scot. & Aust. £3 3pd	85/-	85/-	...	3 11 0	
104	101	108	106	Austria 5% 1933-53				102	102	...	2 16 0	11 1/2	10 1/2	6(a)	11(b)	Hambros £10, £2 pd	11 1/2	11 1/2	...	3 8 9	
104	101	108	106	India 2½% 1933-53				73	73	+	3 8 6	64/-	61/-	6(b)	6(a)	Hong. & S. (£125)	62/6	63/-	+6d	3 17 0	
104	101	108	106	Do. 3½%				97	97	...	3 8 6	9 1/2	8 1/2	7(b)	7(b)	Lloyds £5, with £1 pd.	92/6	92/6	...	3 7 6	
104	101	108	106	Do. 3½%				99	99	...	3 10 0	98/9	91/-	8(a)(b)	8(a)	Middle East £1, fully pd.	92/6	92/6	...	3 7 6	
104	101	108	106	Do. 4½% 1938-68				111	111	...	3 16 0	44	41 1/2	9(a)	11(b)	Nat. of Egypt £10	42 1/2	44 1/2	+1	3 9 0	
108	105	107	105	U.K. & Arg. 4½% (1947)				105	105	...	3 9 0	16 1/2	15 1/2	7(b)	7(a)	Nat. of India £25, £124 pd	44 1/2	44 1/2	...	3 10 0	
113	106	112	109	Dom. & Colonial Govts.				110	110	...	3 13 6	500	466 1/2	8(b)	8(a)	Royal Bk. of Scotland	493	492	-1	3 8 9	
108	102	106	102	Australia 5% 1945-75				103	103	...	3 9 0	16 1/2	15	5(a)	7(b)	St. Minster £4, £5 pd.	15 1/2	15 1/2	...	3 10 3	
114	112	117	114	Canada 4½% 1940-60				114	114	...	3 12 3	98/10	90/9	9(b)(a)	9(a)	Westminster £4, £1 pd.	95/-	95/-	...	3 15 0	
121	116	121	117	Gold Coast 4½% 1956				111	111	...	3 7 0	95/-	88/-	10(b)	9(a)	Alxandria £10 £1 pd.	92/6	92/6	...	4 2 0	
112	104	108	104	Nigeria 5% 1950-60				117	117	+	3 14 3	65 1/2	61	5(b)	5(a)	At. £2 £1, fully pd.	64	61	...	3 19 0	
118	113	117	114	N.Z. Zealand 5% 1946				110	110	...	3 16 6	15 1/2	13 1/2	17(b)	9(a)	B. £74, £24 pd.	15 1/2	15 1/2	...	3 19 6	
101	88	103	99	Queensland 5% 1940-60				108	108	...	3 1 3	53	54/6	12(b)	7(a)	Union £1 of stock	54/6	54/6	...	3 19 6	
101	88	103	99	Foreign Governments				101	101	...	3 18 3	32	30	40(a)	50(b)	Insurance	32	32 1/2	+ 1/2	2 15 0	
101	88	103	99	Argentina 4½% Resc. 1952				101	101	...	7 10 6	16 1/2	14 1/2	13(b)(a)	14(b)(b)	Alliance £1, fully pd.	15 1/2	15 1/2	...	2 11 0	
101	88	103	99	Austria 7% 1957				94	94	...	5 9 0	10 1/2	20	20(a)	20(b)	Atlas £5, £1 pd.	11	11	...	3 3 0	
101	88	103	99	Do. 4½% 1934-59				97	97	+	5 4 6	28	26	28(a)	36(b)	Com. Un. £1, fully pd.	26 1/2	26 1/2	...	3 0 9	
101	88	103	99	B. Aires (Prov.) 3½%				67	67	...	6 10 3	38 1/2	34 1/2	25(b)	25(b)	Gen. Accident £5, £1 pd	26 1/2	26 1/2	...	2 14 0	
101	88	103	99	Belgian 7% red. by 1956				107	107	...	7 2 0	22 1/2	21 1/2	31(b)	31(b)	Lon. & Lanc. £2 1/2 pd.	14	14 1/2	...	2 12 0	
101	88	103	99	Bulgaria 7½% Loan				161	161	...	5 3 0	5 1/2	4 1/2	81(b)	81(b)	N. Brit. & Mer. £1 £1 pd.	22 1/2	22 1/2	...	3 13 0	
101	88	103	99	Brazil 5% Fund. 1914				70	70	...	6 11 0	18 1/2	16 1/2	30(a)	30(b)	Northern £10, £1 pd.	22 1/2	22 1/2	...	2 3 0	
101	88	103	99	Chili 6% (1929)				17	17	...	5 11 0f	4	3	17(a)	17(a)	Pearl (£1), fully paid	22 1/2	22 1/2	...	3 12 0	
101	88	103	99	China 5% (1913)				91	91	...	9 0 0f	40	36 1/2	192(b)	192(b)	Phoenix £1, fully pd.	17	17	...	3 12 0	
101	88	103	99	Do. 5% (1913)				97	97	...	2 14 7	121 1/3	108/-	137(c)	143(c)	Prudential £1 A	37 1/2	37 1/2	...	3 12 0	
101	88	103	99	Czechoslovakia 8%				97	97	...	10 11 3f	10 1/2	10 1/2	14(c)	14(c)	Royal £1, with 4s. paid	112 1/2	112 1/2	...	2 13 6	
101	88	103	99	Danish 3½%				110	110	...	3 15 6	11 1/2	10 1/2	9(a)	11(b)	Sea Insur., £1, fully pd.	9 1/2	9 1/2	...	3 7 6	
101	88	103	99	Danzig 6½%				61	61	...	5 4 6	4	3	17(a)	17(a)	Sea Insur., £1, fully pd.	4 1/2	4 1/2	...	3 7 6	
101	88	103	99	E. London 5% 1960-70				120	120	...	4 2 0	18/-	15/3	2(a)	5(b)	Sh. Life Assur., £1, fy pd	8 1/2	8 1/2	...	2 13 0	
101	88	103	99	French 4½% (British)				22	22	...	3 13 0f	312	271	7(b)	3(a)	Yorkshire £1, fully pd.	20	20	...	2 7 6	
101	88	103	99	Germany 5% 1911				57	57	...	3 2 0	910	263	6(b)	5(a)	Anglo-American. Deb.	270	270	...	3 14 0	
101	88	103	99	Do. 5½% (Young L'n)				37	37	...	3 2 0	310	263	6(b)	5(a)	Anglo-Celtic Ord.	67 1/2	67 1/2	...	3 14 0	
101	88	103	99	Greek 6% Stab. L'n				32	32	...	3 2 0	910	263	6(b)	5(a)	Atlas Electric, etc. £1	5/6	6/-	+6d	Nil	
101	88	103	99	Do. 7% Refugee				40	40	...	3 2 0	910	263	6(b)	5(a)	Brit. Assets Trust 5%	15/3	16/3	+1/-	0 18 0	
101	88	103	99	Hungary 7½%				43	43	...	3 2 0	910	263	6(b)	5(a)	Debtenture Corp. Stk.	246 1/2	246 1/2	...	3 17 5	
101	88	103	99	Japanese 5½% 1936-65				81	81	...	3 2 0	910	263	6(b)	5(a)	Debtenture Corp. Stk.	246 1/2	246 1/2	...	3 17 5	
101	88	103	99	Do. 6% (1934) red 1959				87	87	...	3 2 0	910	263	6(b)	5(a)	Guardian Investment...	147 1/2	147 1/2	...	4 1 4	
101	88	103	99	Norwegian 4½% 1911				130	130	...	3 2 0	910	263	6(b)	5(a)	Indus. and Gen. Ord.	268	268	...	3 14 6	
101	88	103	99	Peru 7½% 1922				42	42	...	3 2 0	910	263	6(b)	5(a)	Invest. Trust Def.	305	305	...	3 18 6	
101	88	103	99	Poland 7%				62	62	...	3 2 0	910	263	6(b)	5(a)	Lake View Invest. 10/-	17/-	17/-	...	4 9 0	
101	88	103	99	Roumania 4% Con. 1922				10	10	...	3 2 0	910	263	6(b)	5(a)	Mercantile Investment	275 1/2	275 1/2	...	3 16 6	
101	88	103	99	Swedish 3½% 1908				140	140	...	3 2 0	910	263	6(b)	5(a)	Merchants Trust Ord.	176 1/2	176 1/2	...	4 6 6	
101	88	103	99	U.K. & Argentine 1933				115	115	...	3 2 0	910	263	6(b)	5(a)	Metropolitan Trust	264 1/2	264 1/2	...	4 3 6	
101	88	103	99	5½% B. Certs. (1951)				82	82	...	3 2 0	910	263	6(b)	5(a)	Scottish Investment (5/-)	8/-	8/-	...	0 18 0	
101	88	103	99	Do. C. Certs. (3% Max.)				82	82	...	3 2 0	910	263	6(b)	5(a)	Scottish Mortgage, etc.	22 1/2	22 1/2	-3	3 12 0	
101	88	103	99	Corporation Bonds				...	...	...	3 2 0	910	263	6(b)	5(a)	Trustees Corp. Ord.	222 1/2	222 1/2	...	3 12 0	
101	88	103	99	Berlin 6% 1932-57				22	22	...	3 2 0	910	263	6(b)	5(a)	United States Debenture	222 1/2	222 1/2	...	3 12 0	
101	88	103	99	Birmingham 5% 1946-56				117	117	...	3 2 0	910	263	6(b)	5(a)	Financial Trans. &c.	16/-	16/-	...	3 2 0	
101	88	103	99	Bristol 5% 1948-58				119	119	...	3 2 0	910	263	6(b)	5(a)	Argentine Land, etc.	27	27	...	Nil	
101	88	103	99	Danzig 7% 1935-45				65	65	...	3 2 0	910	263	6(b)	5(a)	Australian Estates, etc.	30/3	30/3	-6d	Nil	
101	88	103	99	E. London 5% 1960-70				120	120	...	3 2 0	910	263	6(b)	5(a)	Brit. Nuts & Borneo £1	23	23	...	3 17 0	
101	88	103	99	Johannesburg 5½% 1937-52				105	105	...	3 2 0	910	263	6(b)	5(a)	Brit. S. Africa 18/- pd	20/3	20/3	...	3 17 0	
101	88	103	99	L.C.C. 3%				95	95	...	3 2 0	910	263	6(b)	5(a)	Charterhouse Inv. £1	18/9	18/9	...	6 13 0	
101	88	103	99	Seine (Dpt. of) 4½% 1952				99	99	...	3 2 0	910	263	6(b)	5(a)	C. of London R. Pty. £1	18/9	18/9	...	4 5 0	
101	88	103	99	Central Elec. 5½% 1950-70				118	118	...	3 2 0	910	263	6(b)	5(a)	Daily Mail & General £1	52/3	52/3	...	4 6 0	
101	88	103	99	LONDON PASSENGER																	

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Paid in New Zealand currency. (e) Allowance for rate of exchange. (f) Yield worked on redemption at par on December 1, 1952. (g) Yield worked on redemption at par on February 1, 1957. (h) Yield worked on redemption at par on April 1, 1961. (i) Yield worked on redemption at par on August 1, 1961. (j) Yield worked on redemption at par on October 1, 1961. (k) Yield worked on redemption at par on December 1, 1961. (l) Yield worked on redemption at par on February 1, 1962. (m) Yield worked on redemption at par on April 1, 1962. (n) Yield worked on redemption at par on June 1, 1962. (o) Yield worked on redemption at par on August 1, 1962. (p) Yield worked on redemption at par on October 1, 1962. (q) Yield worked on redemption at par on December 1, 1962. (r) Yield worked on redemption at par on February 1, 1963. (s) Yield worked on redemption at par on April 1, 1963. (t) Yield worked on redemption at par on June 1, 1963. (u) Yield worked on redemption at par on August 1, 1963. (v) Yield worked on redemption at par on October 1, 1963. (w) Yield worked on redemption at par on December 1, 1963. (x) Yield worked on redemption at par on February 1, 1964. (y) Yield worked on redemption at par on April 1, 1964. (z) Yield worked on redemption at par on June 1, 1964. (aa) Yield worked on redemption at par on August 1, 1964. (ab) Yield worked on redemption at par on October 1, 1964. (ac) Yield worked on redemption at par on December 1, 1964. (ad) Yield worked on redemption at par on February 1, 1965. (ae) Yield worked on redemption at par on April 1, 1965. (af) Yield worked on redemption at par on June 1, 1965. (ag) Yield worked on redemption at par on August 1, 1965. (ah) Yield worked on redemption at par on October 1, 1965. (ai) Yield worked on redemption at par on December 1, 1965. (aj) Yield worked on redemption at par on February 1, 1966. (ak) Yield worked on redemption at par on April 1, 1966. (al) Yield worked on redemption at par on June 1, 1966. (am) Yield worked on redemption at par on August 1, 1966. (an) Yield worked on redemption at par on October 1, 1966. (ao

CAPITAL ISSUES

THE new issue market has enjoyed one final burst of activity this week, before the holiday "close season" commences. The response to the Plymouth issue of £750,000 stock measures the recent improvement in the trustee investment market. An issue of £250,000 Wembley stock has also been placed this week. By accident of Census dates, the stock does not fulfil the Trustee Act requirements, although the present population is estimated to be well in excess of the minimum standard. A conversion issue of Sydney County Council 4 per cent. debentures was made on Thursday at 99. It provides the Council with a marked saving in interest, and offers an attractive yield for the non-trustee investor. Reference to the security of the Montague Burton Shop Properties debenture and preference share issues is made on page 230. The existing rental arrangements are well covered by the recent profits of the parent company. The 5s. ordinary shares of Armstrong Stevens, offered at 10s. 6d., show an earnings yield of 8 per cent. at the issue price, on the latest year's profits. In view of previous fluctuations in profits, however, the premium—as in recent engineering issues—seems high. Preston Breweries is a small undertaking, owning 18 licensed premises. An increase in profits is expected on the introduction of centralised brewing, but the shares must be allotted a rather speculative status owing to the technical changes involved, and also to the small size of the issues. Lansdowne House (Berkeley Square) shows sparing cover—usual in property issues—for the debentures and preference shares, which have no special attraction. The mixed issue of Sisal Estates shows that the market interest in the revival of this commodity is not at an end. The preference shares offer a high yield in keeping with their speculative ranking. It may be asked, however, whether a 50 per cent. premium is expedient, from the investor's point of view, for the ordinary shares, which offer 6 per cent. on latest earnings, and whose prospects are largely dependent upon the estimated doubling of net profits in future years. Jax Stores have made a somewhat rare issue in these days—a 5s. share at par. The business is taken over on a par basis, and evidently needs the infusion of new working capital. The trend of recent profits has been favourable, but the size of the capital is rather small to appeal to the general investor. Particulars of statements "for information only" are summarised in a succeeding column.

ISSUES OF THE WEEK

January 1 to July 25, 1936, including conversions, Old Basis, £290,135,109.
January 1 to July 25, 1936, excluding conversions, Old Basis, £115,481,022.
January 1 to July 25, 1936, including conversions, New Basis, £292,857,548.
January 1 to July 25, 1936, excluding conversions, New Basis, £202,229,360.

National Savings Certificates, Net receipts week ended July 18, 1936, nil.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	4,555,500	1,960,000	2,814,000
To Shareholders only	801,757	750,000	103,514
By Stock Exchange Introduction	6,587,500	309,800	6,932,600
By Permission to Deal	1,606,223	...	2,412,040

Total Capital raised—	Including Conversions	Excluding Conversions	Total offered for Subscription—	Including Conversions	Excluding Conversions
January 1 to date—					
1936 (New Basis).....	308,159,502	214,491,514	Whole year (Old Basis)		
1936 (Old Basis).....	295,782,623	118,398,336	1935	548,351,393	236,147,637
1935 (New Basis).....	324,788,547	203,674,385	1934...	410,980,300	169,108,700
1935 (Old Basis).....	247,335,299	122,352,226	1933...	467,921,500	244,780,500

January 1 to date (Old Basis)—			
1934.....	288,579,794	114,057,056	
1933.....	223,945,973	129,523,008	1932... 2,899,684,265 188,909,963
1928.....	...	281,630,013	1928... 683,000,056 369,058,073
(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.			

COMPANY MEETINGS, &c.

CÓMHLUCHT SIÚICRE EIREANN, TEORANTA
(IRISH SUGAR COMPANY)

SUCCESSFUL YEAR—INCREASED PROFIT

DR. J. H. HINCHCLIFF'S INTERESTING REVIEW

The annual ordinary general meeting of Cómhluacht Siúicre Eireann, Teoranta, was held on July 23rd, 1936, in Dublin.

Dr. J. H. Hinchcliff (the chairman) presided.

The Chairman said:—I now propose the adoption of the directors' report, the profit and loss account for the year ended April 30th last, and the balance sheet as at that date.

Copies of the report and accounts were furnished to shareholders three weeks ago, and having regard to the position disclosed by the statement of accounts, it is not, I think, necessary for me to embark upon any lengthy comment.

BALANCE SHEET ITEMS

The provision for depreciation of premises and plant, namely, £148,842 as shown in the profit and loss account and also, of course, in the balance sheet may, at first sight, appear somewhat excessive. In this connection regard must, however, be paid to many considerations—amongst others, to the fact that during the manufacturing season the plant is in operation day and night for seven days each week. Lest you should think that the various machines, etc., are not proving satisfactory from the point of view of durability, I wish to assure you that the wear and tear of the plant and machinery installed in your factories is by no means abnormal. Of the £26,156 provided for interest on the debenture stock, £10,656 was duly paid on November 1st last and £15,500, which is shown in the balance sheet as a liability on April 30th, was paid on the due date, namely, May 1st last. As you will have observed, £11,250 has been debited to the profit and loss account in respect of the entire underwriting commission and expenses in connection with the issue of debenture stock in July last and £40,000 has been put to reserve.

PROFIT AND DIVIDEND

The trading profit for the year, after charging all manufacturing and selling expenses, including directors' remuneration, and after providing for taxation, amounted to £270,130 as against £231,312 in the previous year. A credit balance of £45,137 was brought forward from the previous year and after making the provisions for depreciation and reserve, to which I have referred, and allowing for the debenture interest for the year, and also for the interim dividend on the preference shares which was paid on February 1st last, there remains a credit balance of £77,394, as compared with a like balance of £72,492 at April 30, 1935. Your directors recommend that out of this sum of £77,394 there should be paid the final dividend on the 6 per cent. cumulative preference shares and a dividend of 5 per cent. on the ordinary shares, both less tax, thus leaving £46,393 to be carried forward to the credit of the profit and loss account for the current year.

With reference to the balance sheet, the increase of, approximately, £198,000 in stock in trade is due mainly to the larger quantity of sugar which we had on hand and also to the larger quantities of seed which were sown and put into reserve. Turning to the other side of the balance sheet, you will see that while the issued share capital remains the same there is an increase of £500,000 in loan capital because of the issue of that amount of 4 per cent. guaranteed debenture stock which was made and fully subscribed last July. The liability of £462,371 17s. 6d. to sundry creditors, in which is included the amount due to the company's bankers on April 30th last is, approximately, £347,000 less than the corresponding figure shown in the previous balance sheet. Since the close of the accounting year the seasonal improvement in the liquid resources of the company has, of course, taken place following the steady and regular realisation of sugar stocks. In fact, although the company still have considerable stocks of sugar on hand, they have fully discharged their liability to their bankers, who now hold funds to the credit of the company's account.

INCREASED DELIVERIES OF BEET

The net factory weight of beet delivered by 27,734 farmers to the four factories during the 1935-36 campaign was 563,174 tons, as compared with a throughput of 484,236 tons in the previous

season. The average yield of the 1935 crop was 10.38 tons per statute acre and its average sugar content 17.17 per cent. The 1935 beet was slightly richer in sugar than that of 1934, though not, however, in this respect, as good as the Irish crops have been on the average of the past few years. The 1935 crop, like that of 1934, did not fully ripen or mature. I should, however, explain that this was due to unfavourable weather in autumn, and was not to be ascribed to negligent cultivation or manuring, for the vast majority of our growers are most careful in attending to their beet. The net production of sugar from last year's crop was, in terms of white sugar, 78,911 tons, an output which, though somewhat below our expectations, is not by any means unsatisfactory.

The larger throughput of beet in the last campaign resulted, of course, in a corresponding increase in the output of molassed pulp, and I am glad to say that a proportionately larger quantity of this commodity, namely, 83 per cent. of the entire output, was used in the Saorstát by beet growers and other stockowners. This figure clearly indicates that the value and suitability of this product as a feeding-stuff for most classes of livestock are now much more generally recognised than was the case even so recently as three years ago.

54,267 statute acres of beet were grown under contract last year. Of this area approximately 15,000 acres were grown in the Carlow district, and the remainder was fairly evenly divided between the other three factory districts.

INCREASED EFFICIENCY DESPITE LARGER THROUGHPUT

The plant and machinery at all four factories was operated throughout the campaign without serious or abnormal interruption. There was a larger daily throughput of beet at the new factories and a higher standard of efficiency in manufacture was attained. I mentioned a year ago that plant and machinery for the manufacture of cube and castor sugars was being installed at the Carlow factory. This new plant has worked quite satisfactorily. The extensions to the sugar stores and the new offices at the Mallow, Thurles and Tuam factories, as well as the additions to the railway sidings at Mallow and Thurles, to which I referred last July, were duly completed prior to the commencement of the 1935-36 campaign.

The arrangements made in October, 1934, for the sale of the company's production of sugar still obtain with but slight modification. Granulated sugar of home manufacture is accordingly sold at a flat price, inclusive of freight, at 41 distributing centres throughout the Saorstát, and a like system of sale has operated in respect of the cube and castor sugars manufactured at Carlow.

THE CURRENT YEAR

Turning now to matters which appertain to the current accounting year and to next campaign I should perhaps, in the first place, mention the Sugar (Control of Imports) Act, 1936, which was enacted towards the end of April last, and which met with the approval of the wholesale sugar trade. Under this statute your company have had the monopoly of the importation of all types of sugar since the middle of last May. Though your company are obliged to remit to the Government any profits arising from the sale of sugar which they import they are now, in the exercise of that monopoly, able to restrict imports of sugar to such quantities and types as they are not in a position to supply, and thereby to ensure a ready market for all the types of sugar which are now manufactured at the Saorstát factories. Arrangements have already been completed for the import of the total quantity of white sugar which will be required to supplement the stocks of home manufactured sugars until the beginning of next campaign.

Though it was not practicable to arrange for the allotment of an increased acreage to the Carlow district, in which approximately 15,000 statute acres of beet were grown under contracts last season, your board decided to contract this season for a somewhat larger acreage in the Mallow, Thurles and Tuam factory districts than was grown in those areas last year. The total acreage allotted under contracts this year is just over

59,000 statute acres, and this is fairly evenly divided between the four factories.

PROMISING OUTLOOK FOR 1936 CROPS

Yield and sugar content of the crop are largely dependent upon climatic conditions and cannot, therefore, be estimated at all reliably until the season is much more advanced. I am, however, pleased to say that, on the whole, the 1936 crops in all four factory districts are at present very promising. Reports received during the past few days indicate that they are more advanced in growth than were the 1935 crops at the corresponding date.

The plant and machinery at your factories is undergoing the usual thorough overhaul and repair in preparation for the coming campaign. Your board realise the truth of the old saying—paradox though it may be—that sugar is made during the non-manufacturing season. You may, therefore, rest assured that no pains are being spared to maintain the factory equipment in good order and condition and thereby to secure, as far as possible, its efficient and smooth working during the coming campaign.

NEW STOCK-SEED EXPERIMENTS

During the past few seasons the Department of Agriculture have conducted preliminary small-scale experiments on the propagation of sugar beet seed and your board decided last spring that the company should undertake experimental work of that nature on a small commercial scale. Arrangements for the supply of stock-seed were accordingly made with two well-known firms who have specialised in the breeding of improved varieties of sugar beet and whose seed has yielded, in this and many other countries, superior crops in respect of both yield and sugar content. The initial supplies of stock-seed were sown last month at six specially selected centres. As, however, beet is a biennial the plants produced this year, i.e. the stocklings, which they are termed, will be transplanted next spring for seed production and for the harvesting of seed next year.

I am pleased to avail of this opportunity of testifying to the interest which the staff of all grades at the factories and the head office have taken in their work and to the efficient manner in which they have discharged their duties.

The report and accounts were adopted.

CÓMHLUCHT SIÚICRE EIREANN, TEORANTA

BALANCE SHEET AS AT 30th APRIL, 1936

CAPITAL AND LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Capital Authorised—				Factory Premises, Plant and Machinery, Lands, Railway Sidings, etc.—			
2,000,000 Shares of £1 each ...	2,000,000	0	0	Per last Balance Sheet ...	1,635,527	16	1
Capital Issued—				Add—Further outlay on Factories and improvements ...	110,597	14	7
500,014 Ordinary Shares of £1 each, fully paid ...	500,014	0	0		1,746,125	10	8
500,000 6 per cent. Cumulative Preference Shares of £1 each, fully paid ...	500,000	0	0	Less—Depreciation written off ...	148,842	15	10
£1,000,000 4 per cent. Guaranteed Debenture Stock ...	1,000,000	0	0		1,597,282	14	10
Liabilities, etc.—				Furniture and Motor Cars (less Depreciation) ...			7,447 16 5
Sundry Creditors, including amount due to Bank, Reserve for Sinking Fund and General Purposes, provision for Taxation, Expenses accrued, etc.	462,371	17	6	Stock-in-Trade—			
Debenture Interest due ...	15,500	0	0	Sugar, Beet Seed, Manufacturing Materials, etc., as valued and certified by the Company's Officials ...			909,228 14 9
Unclaimed Dividends and Interest ...	325	1	2	Sundry Debtors, including Payments in Advance ...			41,427 3 3
				Cash on hands ...			218 16 3
Profit and Loss Account—							
Balance per Account ...	77,394	6	10				
	£2,555,605	5	6				£2,555,605 5 6

PROFIT AND LOSS ACCOUNT, for the year ending 30th April, 1936

	£	s.	d.		£	s.	d.
To Depreciation written off Premises and Plant	148,842	15	10	By Balance from last Account ...			45,137 14 8
" Interest on 4 per cent. Debenture Stock, on first Issue of £500,000 Stock for year to date, less Tax at 4s. 6d. ...	£15,500	0	0	" Trading Profit for the year to date after charging all manufacturing and selling expenses, including Directors' Remuneration and after providing for Taxation ...			270,130 13 0
On second Issue of £500,000 Stock for the period to date, less Tax at 4s. 6d. ...	10,656	5	0				
	26,156	5	0				
" Interim Dividend on 500,000 6 per cent. Cumulative Preference Shares for the half-year to October 31, 1935, less Tax at 4s. 6d. ...	11,625	0	0				
" Underwriting Commission and other expenses relating to the issue of £500,000 4 per cent. Debenture Stock in July, 1935 ...	11,250	0	0				
" Reserve for Sinking Fund and General Purposes ...	40,000	0	0				
" Balance per Balance Sheet ...	77,394	6	10				
	£315,268	7	8				£315,268 7 8

Signed on behalf of the Board,

J. H. HINCHCLIFF } Directors.
T. M. HAYEK
JOSEPH GRIFFIN, Secretary.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have obtained all the information and explanations we have required in the course of our examination of the foregoing Profit and Loss Account and Balance Sheet of Cómhluacht Siúicre Eireann, Teoranta, for the year ended April 30, 1936. The Balance Sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information, and the explanations given to us, and as shown by the books of the Company.

KEAN & CO.,
Chartered Accountants.

46-7 Dame Street,
Dublin, June 20, 1936.

FURNESS, WITHEY AND COMPANY, LIMITED

A STRONG BALANCE SHEET

PROSPECT OF DIVIDEND RESUMPTION

The forty-fifth annual general meeting of Furness, Withy and Company, Limited, was held, on the 28th ultimo, at the registered office of the company, Furness House, Leadenhall Street, London.

The Lord Essendon, who presided, said: The balance sheet is, I venture to believe, a document which is sound and unencumbered by any deadwood. The profit and loss account also gives cause for reasonable satisfaction, although it is a matter of great regret to your directors that once again it is considered desirable to recommend to you a policy of prudence in preference to the payment of a dividend on the ordinary share capital. Naturally, it is hoped to resume the payment of dividends at as early a date as possible; if last year's profits are maintained and improved, as I hope will be the case, this may be possible next year.

After adding to the profit for the year the amount brought forward from 1935, the total is £618,443, from which has been deducted the preference share dividends, which absorbed £57,656, and we have transferred £350,000 for depreciation, leaving an amount of £210,787 to be carried forward to the current year.

PROBLEMS OF SHIPPING INDUSTRY

Shipowning is surely the most diversified occupation in the world, with the possible exception of politics. That we have experienced substantial improvements in some directions is obvious from the figures which we are able to submit to you to-day, but whilst it is a source of strength to our company that our interests are so widespread, it is equally true that our problems are multiplied for the same reason. We have, in the past, endeavoured to secure a participation, either by creation or by acquisition, in such trade expansions as we considered most probable, as, for example, the acquisition of the Prince Line, which gave us a participation in several United States trades at a time when the overseas trade of the United States was rapidly developing. We also established our regular service from the Pacific Coast ports of Canada and the United States to the United Kingdom in order to participate in the development which was anticipated in consequence of the opening of the Panama Canal, but however right a liner company may be in its judgment as to the probable trend of trade expansion, there is always the unknown factor which sooner or later comes into the picture. It may be that political changes, or nationalistic tendencies, alter the whole outlook, and the great problem is to protect one's interests as far as possible by the merits of the services provided, and at the same time to continue to expand in the direction of trade development. With this policy in view, we have, as already reported, acquired during the past year the balance of the share capital of Shaw, Savill and Albion in order to secure a very definite participation in an Empire trade of the first importance.

Our New York-Bermuda Service has shown a considerable improvement, the number of passengers having exceeded those carried in previous seasons. Shareholders will, however, have noticed the announcement recently made by His Majesty's Minister for Air that an agreement has been entered into with Imperial Airways, Limited, for the establishment of a regular aircraft service between Bermuda and New York for which His Majesty's Government have agreed to make a capital grant not exceeding £34,500, in addition to an annual subsidy of £18,000 for a period of five years. The effect of this competition upon the steamship service will be watched with care and interest.

Since we last met arrangements have been made to terminate the Roca Agreement, and a fresh trade agreement with the Argentine is at present being negotiated, which, I understand, is nearing the point of completion. Whilst I think it is necessary in the national interests to recognise that a substantial measure of protection must be accorded to the British stock-raising industry, and also that a certain measure of preference has properly been promised to the Dominions, nevertheless it is to be hoped that the interests of British shipping will not be overlooked or subordinated in the negotiations for a new trade agreement.

UNITED STATES SUBSIDY REGULATIONS

I have at all times weighed most carefully any remarks which I have felt it my duty to address to our shareholders on the subject of United States shipping legislation, recognising as I do that the United States is determined to have sufficient merchant tonnage under her flag to serve her purposes in times of emergency. It is a fact, however, that we have many interests in the United States, and consequently I consider our shareholders are entitled to be advised of any matters which affect those interests. We have,

in past years, been obliged to abandon entirely our New York-London service, chiefly owing to the competition of the United States subsidised services. We built six steamers specially for that trade, five of which have been sold at a very heavy loss, and one still remains laid up.

By the latest subsidy regulations which have within the past few weeks been approved by the United States President, American shipowners engaged in overseas trade will be entitled to Government assistance in regard to both construction and operation of their ships.

I make no comment on these regulations, but merely state the facts for your information in order that you may know what is the measure of competition with which foreign vessels are faced in American overseas trades notwithstanding that such foreign vessels, including our own, have been engaged in those trades for a great many years and have in many cases assisted very materially in their creation and development.

In contrast with this protection of American liner services, our own Government has, I think rightly, given a subsidy of £2,000,000 last year and again this year for the preservation of tramp tonnage under the British Flag. The cargo liner, however, has no assistance from the Government, but has to encounter the competition of foreign flag vessels which are subsidised, and the competition which ensues from the supply of tonnage being in excess of the demand—in other words, from the contraction of international trade without any adequate contraction in the amount of tonnage available to carry the reduced volume.

VOLUNTARY LAYING-UP

The remedy which I proposed some four years ago, of a voluntary laying-up agreement, was not considered universally practicable; there followed a proposal for a contributory laying-up agreement, which, however, has not received the necessary measure of support. Tanker owners have for some time been operating a contributory scheme with great success, and although it is beyond dispute that a similar scheme would be much more difficult to apply to ordinary cargo liner tonnage, the success of the tanker scheme does at least demonstrate that the task should not be cast aside as impossible. However, without sufficient support no progress can be made towards international rationalisation. In any case, international rationalisation, which involves the laying-up of ships, becomes exceedingly difficult so long as encouragement is being given by Government assistance to keep existing ships in operation and to build new ones.

No survey of the problems confronting the shipping industry would be complete without reference to the scrap and build scheme, a scheme which I venture to suggest is of greater benefit to the shipbuilding than to the shipowning industry. The ships that were built under the Trade Facilities Act did a great deal of harm, and I venture to think that the scrap and build scheme will also do much harm to the shipowning industry as a whole, although both schemes no doubt did a great deal of good to shipbuilders and engineers, and in the process benefited the employment problem. I suggest that the Government might reasonably reconsider the matter in view of the large amount of work which those two industries are at present enjoying, and likely to enjoy, in consequence of the enlarged Naval programme to which the Government is now committed, and which was not contemplated at the time the scrap and build scheme was inaugurated.

The whole country must have been gratified to hear the recent survey of British trade made by the President of the Board of Trade in the House of Commons. It was a remarkable survey of recovery and progress in many branches of the industry. You who read the President's speech will have noted that the improvement was largely confined to home markets, and the recovery had been slower in the export trades.

REMEDY FOR UNFAIR COMPETITION

The only other remedy I can suggest for the immediate relief of the shipping industry is one which has always been abhorred, and still is abhorred, viz., that subsidies and discrimination should be met by counter subsidies and counter discriminations. I am very far from advocating this latter course, but it must be made apparent to our foreign competitors that British shipping cannot continually be ousted from trades which it has served for generations without effective measures of protection being taken.

The true solution of the shipping problem lies in the restoration of international trade. Every maritime nation seems to be determined to increase its Merchant Marine, but has hitherto not shown commensurate keenness to increase the trade which those ships are designed to carry. It is encouraging to find that the desirability of expanding overseas trade is gradually being more widely recognised.

The report and accounts were adopted.

McDOUGALLS TRUST LIMITED

DIVIDEND RAISED TO 7½ PER CENT.

SALES FULLY MAINTAINED

The third annual general meeting of McDougalls Trust, Limited, was held, on the 28th ultimo, at the registered offices, 3 Thames House, Queen Street Place, London, E.C.

Mr Kenneth A. E. Moore (the chairman of the company) presided.

The Secretary (Mr Reginald E. Clark) having read the notice convening the meeting and the report of the auditors,

The Chairman said:—In sending you the report and accounts of your company we have, as is our practice, enclosed with them those of the operating company, McDougalls, Limited, covering its last completed financial year—namely, that ending on March 31, 1936. As it is from this source that the bulk of your revenue is derived, it is appropriate that I should deal, in the first place, with the results shown by those accounts.

TRADING CONDITIONS

The past trading year was by no means plane sailing owing to the unsettled state of the wheat market, which was affected not only by world harvest conditions and the wheat policy of the Canadian and certain other Governments, but also by the Abyssinian war. The net effect was to increase the cost of our wheat supplies, but as a matter of policy we refrained from raising our selling prices, which remained the same throughout the year. For this reason, our margin of profit was slightly less, but our sales were more than fully maintained.

During the year considerable progress was made with the construction of the new packing warehouse at Millwall and we hope that it will be in occupation and full operation in a few months' time. We anticipate that the highly specialised automatic plant and equipment which is being installed will effect a useful reduction in packing costs. During the rebuilding operations at Millwall our working costs have unavoidably been a little higher than usual. The reduction in profits from £220,974 to £208,044, while partly due to the increased cost of wheat, is also, to some extent, accounted for by this factor and by increased expenditure on advertising.

STRENGTHENED FINANCIAL POSITION

The financial position of the operating company, which was already strong, was still further strengthened during the year by the settlement in the company's favour of an outstanding claim for income tax, as referred to in the report, and at the date of the balance sheet the floating assets, which included trustee securities of the market value of £265,000, were greatly in excess of creditors and dividend requirements.

I turn now to the accounts of McDougalls Trust, Limited. You will observe that we recommend the payment of a final dividend of 4½ per cent., making 7½ per cent. for the year, as against 5 per cent. for the previous year. This increase has been rendered possible because the earnings of the operating company are again substantially above the average of the last five years, and because on this occasion no appropriation is required for the preference shareholders' reserve fund, our obligations in that regard having been fulfilled out of the profits of previous years.

FUND FOR EQUALISATION OF DIVIDENDS

The distribution recommended enables us to increase our carry-forward by nearly £30,000 to £46,179, almost the whole of which has, since the date of the balance sheet, been invested in trustee securities. In this way, we are, in effect, building up a fund for the equalisation of dividends.

The report and accounts were unanimously adopted.

The retiring director, Mr Robert McDougall, was re-elected, and the auditors, Messrs Ball, Baker and Company, were re-appointed.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,

THE ECONOMIST,

8 Bouverie Street,

Fleet Street,

London, E.C.4.

AMALGAMATED BANKET AREAS, LIMITED

VALUABLE PROPERTIES

The first ordinary general meeting of Amalgamated Banket Areas, Limited, was held, on the 27th ultimo, at River Plate House, London.

Mr H. G. Latilla (the chairman), in the course of his speech, said that the company possessed by far the greatest individual area covering the known payable banket beds of the Tarkwa series. That banket formation was more or less in the form of a trough or basin. Thus, there were two outcrops, one to the east, running through the Tarkwa Gold Areas and Tarkwa Southern Mines properties, and the other to the west, contained in the Teberibie, Mantrain, Pepe, and Patet No. 1 areas, so that they covered a considerable portion of each outcrop as well as most of the large area of the basin itself.

The properties at present in direct possession of the company covered an area of 19,799 acres, and included the Mantrain Concession, which was being actively developed and on which over 70,000 tons of payable ore had already been proved, and the Pepe Concession, which was being opened up over a large area, where preliminary work had already proved 27,740 tons of payable ore. The Sommahoo areas contained the deep levels of the mines being worked on the eastern rim, which included the Abbontiakoon mine. With regard to the property of the Tarkwa Gold Areas, the most important section was situated on the eastern outcrop, and the rest was situated on the western outcrop south of the Mantrain area.

On the southern block was situated the Abbontiakoon mine, which appeared to have been first operated in 1879, from which date up to 1935 over £4,000,000 worth of gold had been extracted, calculating gold values at roughly £4 per ounce. This mine to-day treated over 11,000 tons per month, yielding a satisfactory profit, on which basis of output they had already over seven years proved ore reserves.

AN AMBITIOUS PROGRAMME

The vast area of the formation which the company controlled had led them to embark on a very much more ambitious programme for the future—a policy they were fully justified in undertaking in view of the results and reports of the various engineers they had consulted. It was in no way an extravagant forecast to state that in future they should have a mill capable of treating 50,000 tons per month and adequate ore supplies developed for maintaining such an output, as in addition to the areas adjacent to and within easy mining distance of the new shaft, they had the property of the Tarkwa Southern Mines, Limited, which adjoined the Abbontiakoon mine area to the south.

The most important feature which had recently been disclosed by their development work in the Abbontiakoon mine was the existence of an entirely new ore body which had been discovered in driving north on the 16th level beyond the limit of the workings. In addition, development work in the upper levels had opened up blocks of new payable ore left by the old company; it was anticipated also that the continuance of this work in the upper levels would add a further appreciable tonnage to the ore reserves.

One heard remarks about how much more stable and attractive the Kaffir market was than that for West African Mining shares. People seemed to forget that profitable gold mining had been going on for 50 years on the Witwatersrand and that in South Africa there were big cities with a large and prosperous white population who invested and speculated in Mining shares, not only through local stock exchanges but also in London. No such conditions existed in West Africa, but those of them engaged in gold mining on the Gold Coast realised that there were some compensations for the adventurer in that country.

From the facts which he had put before the meeting he felt that they could be justly optimistic with regard to the future of the company.

Substantial profits were accruing to them through their Tarkwa Gold Areas Company; thus the board had felt justified in declaring an interim dividend of 5 per cent., less income tax. They had an enormous area over which to mine. To develop and work some portion they might form two or three subsidiary companies or more. It was not their immediate intention to consider such a policy, but to confine their attention to making the company the owners of a mine of premier importance. If and when any subsidiary company was floated, the shareholders would be given the right to subscribe for shares on ground-floor terms.

The report was unanimously adopted.

SOUTHERN KINTA CONSOLIDATED, LIMITED

STRONG POSITION

The second ordinary general meeting of this company was held, on the 29th ultimo, at 20 Aldermanbury, London.

Capt. Oliver Lyttelton, D.S.O., M.C., (the chairman), said that in future, where earnings and other circumstances permitted, the directors had decided to declare three interim dividends and to recommend a final dividend, instead of two interim dividends and a final as in the year under review. The profit for the past year showed a satisfactory improvement over that for the previous year, but it had been increased by an extraordinary receipt, namely the profits from the sale of the "Buffer Stock" tin amounting to £53,585, which was used to build up the carry forward to £63,184.

The financial strength of the company was great. It was possessed at the date of the balance sheet of £386,000 in cash, which had been increased since that date. It would continue to be their policy to make the financial position as impregnable as possible. The advantages of having large cash balances were too obvious to require explanation.

The average rate of quota allowance for the past year was 51.525 per cent. of the assessment, equal to 3,016.97 tons of concentrates. Since March 31st the company had been operating at an average quota allowance of 63.5 per cent., which was at the rate of 3,718 tons of concentrates per annum, increases respectively of about 12 per cent., or 701 tons of concentrates. The gain in output nearly, but not quite, offset the fall in the price of tin.

The company had an important advantage in the fact that it was operating six dredges; the spread of their operations tended to make a more stable average than could be expected with a single unit, however efficient. Moreover, the restriction scheme led to the winning of tin by the more efficient plants and to the general planning of production through amalgamation, co-operation between producers and sales of quota—a result which was surprising to some of its critics. The directors gave their unequivocal support to a renewal of the agreement. The company had low costs of production, a very liquid financial position and efficient field management, had made reserves for all known contingencies and could face the future with confidence.

The report was unanimously adopted.

TROJAN (HOLDINGS), LIMITED

EXISTING WORKS AT FULL CAPACITY

THE NEW FACTORY

The statutory meeting of Trojan (Holdings), Limited, was held, on the 27th ultimo, at Winchester House, London.

Mr F. L. Blow, J.P. (the chairman), who presided, said that no time had been lost by their subsidiary company in pressing on with the new factory. Work was well in progress, and by the terms of the contract a modern factory covering some 50,000 sq. ft. of floor space would be completed by mid-October, and would enable the output of the company to be increased to a very marked degree within a few months of the building being completed.

They were working to full capacity at the existing works, and the orders in hand would keep them busily employed until the end of the year. Their selling organisation was being strengthened, and a programme was being prepared for the energetic marketing of Trojan commercial vehicles, while steps were being taken to foster the overseas export trade. The feature of the Trojan vehicle was a minimum of working parts, coupled with a maximum carrying capacity—essential factors for the economy in maintenance and addition to revenue. New types of Trojan commercial vehicles, specially suitable for railway companies and large fleet owners, were under consideration.

The company's technical staff had been mainly concentrating on work in connection with the aircraft industry, and in the execution of Government orders. They had designed, experimented with, and now finally produced, a mechanically controlled airplane gun turret on the design of which provisional patents had been taken out by the company.

If the gun turret proved as valuable as they believed it to be, it would become a considerable asset to the company. The aircraft industry, for present demands, replacement and development purposes, was of potential importance to their company, and their directors would not miss any opportunity to secure a fair share of orders for mechanical requirements. Subject to no undue delay being experienced in obtaining the raw materials, the directors were confident that the estimates made in the document containing information for the public at the formation of the company would be fully borne out.

KRUSCHENS

GRIFFITHS HUGHES PROPRIETARIES LIMITED

STEADY PROFIT

The second ordinary general meeting of Griffiths Hughes Proprietaries, Limited, was held, on the 28th ultimo, at Salford, Manchester.

Sir Bertram Hyde Jones, K.B.E. (the chairman), said that during the year under review sales of the operating company's products constituted a record. Nevertheless, the profits of £456,678 showed a slight reduction on those of the previous year, due to variations in foreign exchange, but were £74,218 in excess of the five years' average referred to in the prospectus. The general reserve had been increased by a further £90,000, and now stood at £180,000. The total of the capital and general reserves together now amounted to £423,858. As he had stated last year, it was the resolve of the board to build up a financial position on sure foundations.

For years the management of the company had been building up an international sales organisation, and they now exported their products to 121 markets, in 83 of which they had an advertising campaign running.

They had, they believed, one of the finest selling organisations in the world—one that was world-wide and which was being constantly improved and strengthened. In these markets they had to meet ever-changing political and economic conditions, which in some countries were very difficult to deal with, and they had to contend with constant alterations in trade barriers and a bewildering complexity of regulations. Mr Harry Marland had this year already visited 11 foreign countries in Europe and elsewhere, so that he could study conditions on the spot and ensure that their selling organisation should be constantly adapting itself to changes in its economic and commercial environment.

Many countries were controlled by dictators, and the whole world was under the dictatorship of fear, which was responsible for national self-sufficiency. The shareholders of this company were helping the world towards the goal of international goodwill, for there could be no greater assurance of world peace than prosperity built on good international trade.

The report and accounts were unanimously adopted.

CONSOLIDATED TIN SMELTERS, LIMITED.

IMPROVED RESULTS—GOOD PROSPECTS

The seventh ordinary general meeting of this company was held, on the 27th ultimo, in London, Mr Ernest V. Pearce, Assoc.Inst.M.M. (chairman and managing director), presiding.

The Chairman, in moving the adoption of the report and accounts, said: Turning to the revenue account, the dividends from our subsidiary companies and investment show an increase of £18,764 at £268,953. There remains, with the amount of £89,447 brought forward, an available balance of £202,804, compared with £197,864 last year. Your directors recommend a dividend of 7 per cent. on the 1,998,470 ordinary shares, and that the balance of £96,136 be carried forward.

While supplies of ore this year have shown an increase over those of the preceding year, this has not been proportionate to the increase in the quota releases sanctioned under the International Tin Control Scheme, as Bolivia found herself unable to produce her full quota. Her shortage at the end of May amounted to over 10,000 tons of tin, equivalent to approximately 16,000 tons of ore. In the ordinary course a large percentage of this tonnage, had it been exported, would have come to our works for smelting. The average quota for the periods covered by the accounts of our subsidiary companies was some 22 per cent. higher than during the preceding periods.

Quota releases under the International Tin Control Scheme during 1935 averaged 58½ per cent. of the 1929 standard tonnages. They have for the first six months of this year averaged 87½ per cent. Provided that this rate continues, and the various countries are able to export during the remainder of the year their full permitted quotas, it is reasonable to expect that the tonnage we shall smelt this year will show a material increase over that smelted during the period covered by the accounts before you.

Regarding the future of the tin industry, there seems to be good reason for optimism. According to figures published by the statistical office of the International Tin Research and Development Council, world's consumption, which in 1934 totalled 117,500 tons, increased to 142,500 tons in 1935, and for the first six months of this year is estimated to be at the rate of approximately 151,000 tons per year.

The report and accounts were unanimously adopted.

THE GOLD FIELDS RHODESIAN DEVELOPMENT COMPANY, LIMITED

WIDESPREAD INTERESTS

MR DOUGLAS CHRISTOPHERSON'S ADDRESS

The twenty-fourth ordinary general meeting of the Gold Fields Rhodesian Development Company, Limited, was held, on the 30th ultimo, at the Institute of Chartered Accountants, Moor-gate Place, London, E.C.

Mr Douglas Christopherson, C.B.E. (the chairman of the company), said:—Gentlemen, the profit for the year carried down amounts to £209,845, as compared with last year £229,823, representing a decrease of £19,978. This decrease is due to the item revenue from dividends, interest, net profit realised by sales of investments and sundry receipts being down by £17,074, and general expenses and donations up by £2,903. Whilst the receipts from dividends for the year under review amounted to £59,649, or about £1,200 more than the previous year, on the other hand the profit on realisation of investments, etc., is down by £13,870.

The interim dividend of 5 per cent. paid in March last absorbed £62,855, and it is recommended that a final dividend of 5 per cent. be declared, leaving £26,313 to be carried forward to next year's accounts.

APPRECIATIONS OF INVESTMENTS

Our investments at market prices ruling at the end of the financial year show a very substantial appreciation on the figure of £1,121,882, and still greater at to-day's prices. We still retain a large shareholding in the Wanderer Consolidated Gold Mines, Limited, from which we are receiving a steady and good revenue. The profits obtained show a considerable improvement over the previous year, and for the current year can be expected to show still further improvement.

The company continues to hold various investments in mining companies on the Witwatersrand, amongst which is a holding in the Sub Nigel, Limited, on which we receive a substantial revenue, the dividend for the last half-year having been the highest half-yearly dividend the company has so far declared, namely, 9s. a share. At the same time the development position continues to be very satisfactory. We also have a material interest in the Spaarwater Gold Mining Company, on which property development is proceeding with highly encouraging results.

So far as our holding in West Witwatersrand Areas, Limited, is concerned, it is our intention to retain this and follow up this investment by taking up our *pro rata* share in the working capital of the various subsidiary mining companies which will be formed from the large areas held by this company. We already have an interest in Venterspost Gold Mining Company, Limited, and expect, at an early date, to take up our rights when the Libanon flotation takes place. I may here mention that the Consolidated Gold Fields have received a cable to-day saying that the Minister of Mines has now signed the lease, so that we can expect that flotation at an early date. There is little doubt that our investment in West Witwatersrand Areas, Limited, will prove highly profitable.

WEST AFRICA

Turning to our West African Investments, we still hold a substantial interest in Ashanti Goldfields Corporation, Limited. In view of the excellent values being exposed at depth on the main property and also the high values on their outlying properties, it would appear that this company will continue to produce for many years highly satisfactory results.

We also now hold a very considerable interest in Amalgamated Banket Areas, Limited, which company recently declared a 5 per cent. dividend. In view of the remarks the chairman made at the meeting of the shareholders of this company held on Monday last, the future of this company would appear to be very bright. Two other West African companies in which we hold considerable interests are the Gold Coast Selection Trust, Limited, and Marlu Gold Mining Areas, Limited. As regards the first-named, that company also hold a large share interest in the Amalgamated Banket Areas, Limited, as well as in Ariston Gold Mines (1929), Limited, Marlu Gold Mining Areas, Limited, and Gold Coast Main Reef, Limited. In addition, this company owns other reef and alluvial areas.

Our own company also has a considerable holding in the Marlu Gold Mining Areas, Limited, which, as you will see from the report, holds 7,831 acres of ground where an extensive crush zone of payable oxidised ore has been proved, which can be very cheaply worked, whilst development in depth has proved sulphide ore of good value and width. The first unit of a plant to treat 50,000 tons per month is expected to be in operation in September, and will treat 12,500 tons per month.

OTHER HOLDINGS

Our investments, representing interests in other parts of the world, include a holding in Oroville Dredging Company, Limited, which remains substantial and we look on this as a valuable investment, holding as the company does a large interest in the Bulolo Gold Dredging, Limited, the Pato Mines (Colombia), Limited, and Asnazu Dredging, as well as other promising interests. The Bulolo Gold Dredging, Limited, holds and operates about 15 miles of dredging ground on the Bulolo and Watut Rivers in the Mandated Territory of New Guinea. The approximate results of dredging operations for the year to May 31, 1936, were 10,957,400 cubic yards treated, yielding 123,910 ounces of gold, showing a profit of \$3,076,500.

The Pato Mines (Colombia), Limited, apart from considerable areas which are unsuitable for dredging but will later be profitable if hydralised, controls areas of about 16 miles along the Nechi River. It is estimated that the properties contain 189,000,000 cubic yards, with an estimated profit of \$21,350,000. A further 300,000,000 cubic yards of probable ground is estimated to be available, with an indicated profit of \$23,000,000. On the Asnazu Gold Dredging, Limited, property a dredge commenced digging in September, 1935, and to June 1, 1936, 1,058,000 cubic yards were dredged, with an average recovery of 44.7 cents per yard. The area being dredged is estimated to contain 16,000,000 cubic yards, of an average recoverable value of slightly over 40 cents per yard, whilst additional ground is being proved, and it is possible that a further dredge will be warranted later. Among other investments the Oroville Dredging Company, Limited, has an interest in certain Deep Lead propositions in Victoria, which are now in course of being explored.

Amongst other gold mining enterprises in which we are interested are the Golden Queen Mine in California, where recent development results are coming up to expectation, Ariston Gold Mines (1929), Limited, East Rand Consolidated, Limited, Robinson Deep, Limited, Konongo Gold Mines, Limited, on which property milling has now commenced, whilst recent development has continued to expose extremely satisfactory values, Lake View and Star, Limited, which company continues to maintain good profits, Rand Leases (Vogelstruisfontein) Gold Mining Areas, Limited, where the first crushing gave satisfactory results, Tano Gold Dredging, Limited, where the latest results from No. 1 Dredge show a steady improvement in not only the recovery but also in the cubic yards dug.

COPPER AND TIN

Our copper interests consist of holdings in Rhodesian Selection Trust, Limited, Rhodesian Anglo-American, Limited, Rhodesia Katanga Company, Limited, Roan Antelope Copper Mines, Limited, all of which will benefit by the improved price of copper.

So far as tin is concerned, our principal interests are in Associated Tin Mines of Nigeria, Limited, and Southern Kinta Consolidated, Limited, both of which investments give good returns, and a small holding in Toyo Tin, Limited. We also purchased an interest in the Mawchi Mines, Limited, which at to-day's price shows a considerable appreciation. Our principal holdings in Industrial Companies are still in the British Celanese, Limited, and the Celanese Corporation of America, Limited, both of which companies continue to make good profits.

Our investments are such as to hold out good prospects of proving highly profitable in the none too distant future, always providing nothing arises in the international or the industrial situation to cause a general upsetting of market values. The position of the company is sound, and we hope by following a prudent policy as regards our investments it will continue to become even more so.

The report and accounts were unanimously adopted.

OFFER TO NEW READERS

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

To The Publisher, "The Economist Newspaper Ltd.,"

8 Boulevard Street, E.C.4.

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

Name.....

Address.....

The report was adopted.

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1936 by borrowing.

Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion").....	33.3%	- 0.5%	+ 0.9%
(b) Gold stocks to deposits and notes ("reserve ratio")....	39.8%	+ 0.4%	+ 4.4%

* Restricted area from April 1, 1935.

Bank Currency.....	2,510,000	2,498,000	2,498,000	2,497,000	2,497,000
LIABILITIES					
Money in Circulation.....	5,518,000	6,242,000	6,190,000	6,153,000	6,123,000
Treasury Cash and Deposit with Federal Reserve Banks	2,991,000	3,015,000	3,021,000	2,955,000	2,907,000

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

	Aug. 1, 1935	July 9, 1936	July 18, 1936	July 23, 1936	July 30, 1936
Total gold reserves	2,650,170	3,067,030	3,161,730	3,237,920	3,267,590
Total bills discounted	3,530	2,400	2,100	2,500	2,790
Bills bought in open market	1,800	1,100	1,100	1,110	1,110
Total U.S. Govt. securities	744,320	680,580	680,580	680,580	680,580
Total bills and securities	756,580	671,400	671,400	671,400	671,400
Deposits—Member bank	2,411,310	2,470,930	2,553,780	2,640,740	2,721,020
Ratio of total res. to dep. and Federal Res. note liabilities combined	79.6%	83.8%	83.9%	84.3%	84.5%

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	July 29, 1935	June 29, 1936	July 6, 1936	July 13, 1936	July 20, 1936	July 27, 1936
Assets						
Gold and English sterling	15,994	15,999	15,999	16,004	16,004	16,004
Other coin, bullion and cash	6,586	6,532	6,171	6,594	6,538	6,996
Money at short call—London	17,279	21,018	18,790	19,322	19,338	18,823
Short-term loans	5,624	5,474	5,474	5,474	5,474	5,474
Securities	70,886	75,769	75,413	75,335	75,335	75,335
Discounts and advances	7,072	8,128	8,435	8,402	8,522	8,529
LIABILITIES						
Notes issued	47,044	47,044	47,038	47,038	47,038	47,038
Reserve premium on gold	3,896	7,753	7,753	7,753	7,753	7,753
Deposits	73,607	70,387	65,995	65,166	66,541	66,681

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

	July 26, 1935	June 26, 1936	July 3, 1936	July 10, 1936	July 17, 1936	July 24, 1936
Assets						
Gold coin and bullion	27,856	22,916	22,914	22,906	22,899	22,898
Other coin, bullion and cash	5,000	9,771	7,226	7,440	7,967	8,282
Investments	1,726	1,737	1,737	1,737	1,737	1,737
Other assets	14,114	11,911	12,650	12,116	11,743	11,662
LIABILITIES						
Notes in circulation	12,110	14,244	15,063	14,204	13,616	13,475
Government deposits	2,528	2,364	2,212	1,487	1,963	1,982
Bankers' deposits	27,688	24,103	22,748	24,823	24,742	23,903
Ratio of cash reserves to liabilities to public	60.2%	52.4%	54.7%	53.6%	53.6%	53.6%

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

	July 26, 1935	July 10, 1936	July 17, 1936	July 24, 1936
Assets				
Gold coin and bullion	44,427	44,427	44,427	44,427
Rupee coin	54,794	64,272	65,125	65,824
Balances abroad	10,332	12,755	2,757	2,969
Sterling securities*	65,197	68,317	67,817	67,817
Indian Government rupee securities*	26,494	23,402	23,402	23,402
Investments	5,913	5,936	5,936	5,903
LIABILITIES				
Notes in circulation	1,55,928	1,64,647	1,63,879	1,61,661
Deposits—Government	11,742	11,548	6,601	7,034
Other	29,598	31,930	33,117	34,780
Ratio of gold and sterling to liabilities	57.4%	56.3%	55.8%	55.6%

* Held against notes.

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

	July 26, 1935	July 10, 1936	July 17, 1936	July 24, 1936
Assets				
Gold	71,278,632	54,340,500	54,686,583	54,831,948
Advances on Gold Coin	1,197,117	1,284,743	1,276,826	1,276,826
Commercial bills	7,524,003	6,419,708	6,324,148	6,074,330
Treasury bills	11,709,938	10,644,398	10,394,398	9,058,823
Bills bought abroad	1,280,666	1,257,755	1,257,755	1,244,856
Advances on securities	3,863,387	4,850,253	4,754,238	4,368,936
Loans to State without interest				
(a) general	3,200,000	3,200,000	3,200,000	3,200,000
(b) provisional		3,624,025	4,439,025	5,274,600
Negotiable Bonds				
Sinking Fund Dept.	5,804,935	5,707,587	5,707,587	5,707,587
Other assets (excluding forward exch.)	3,689,140	3,748,891	3,907,324	3,706,977
LIABILITIES				
Notes in circulation	81,127,709	86,448,319	86,090,396	85,280,307
Public deposits	9,240,611	1,402,832	1,427,503	1,941,055
Private deposits	10,879,850	5,857,749	6,026,436	6,233,558
Other liabilities	2,313,890	2,761,423	2,670,092	2,626,530
Ratio of gold reserve to sight liabilities	74.7%	57.9%	58.3%	59.1%

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

	July 23, 1935	July 7, 1936	July 13, 1936	July 20, 1936	July 27, 1936
Assets					
Gold	83,948	71,935	72,037	73,952	74,224
Of which deposited abroad	3,156	24,524	24,524	24,524	24,524
Reserve in foreign currencies	8,397	4,923	5,092	5,232	5,232
Bills of exchange and cheques	3,376,616	4,440,790	4,367,487	4,194,413	4,194,413
Silver and other coin	244,699	161,316	202,149	229,481	229,481
Advances	40,492	37,799	42,044	41,422	41,422
Investments	680,937	529,968	530,022	529,999	529,999
Other assets	688,619	547,662	542,988	578,785	578,785
LIABILITIES					
Reserves	471,184	473,561	473,561	473,561	473,561
Notes in circulation	3,546,120	4,212,979	4,129,922	4,033,540	4,033,540
Other daily maturing obligations	746,114	763,568	804,735	793,147	793,147
Other liabilities	215,297	194,283	203,601	203,036	203,036
Cover of note circulation	2.87%	1.82%	1.86%	1.92%	1.92%

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

	July 25, 1935	June 24, 1936	July 2, 1936	July 9, 1936	July 16, 1936	July 23, 1936
Assets						
Gold	3,533,983	3,762,158	3,749,925	3,743,455	3,740,184	3,740,184
Silver and other coin	61,902	61,481	57,159	53,748	54,344	55,563
Securities	1,431,471	1,401,689	1,396,937	1,409,843	1,404,225	1,410,635
Advances	116,168	78,426	83,827	81,174	77,047	77,212
LIABILITIES						
Notes in circulation	4,079,369	4,353,539	4,413,362	4,424,956	4,419,442	4,411,355
Deposits—Govt.	28,674	13,234	27,212	18,510	9,888	15,268
Other	1,229,176	1,129,235	1,039,487	1,034,107	1,038,856	1,046,071

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

	July 29, 1935	June 29, 1936	July 6, 1936	July 13, 1936	July 20, 1936	July 27, 1936
Assets						
Gold	557,686	594,200	611,233	623,820	629,234	642,086
Silver	22,738	21,231	20,545	20,651	21,176	21,406
Home bills discounted	43,589	45,841	42,317	40,111	37,270	35,087
Loans and advances						
In current account	228,838	144,090	136,528	128,446	125,409	123,624
LIABILITIES						
Notes in circulation	818,825	767,067	769,882	758,057	747,404	748,337
Deposits	54,764	61,538	63,629	74,610	87,207	95,204

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

	July 27, 1935	June 27, 1936	July 4, 1936	July 11, 1936	July 18, 1936	July 25, 1936
Assets						
Gold and silver	112,320	107,530	108,070	107,740	107,520	107,580
Discounts, advances and other investments	73,930	72,180	77,180	75,150	71,900	75,090
Foreign bills	1,990	1,810	2,700	2,580	2,680	2,280
Other assets	12,150	10,340	10,700	10,790	10,280	10,630
LIABILITIES						
Notes in circulation	166,910	156,330	159,940	160,870	158,400	156,080
Deposits and bills payable	22,260	23,070	27,160	23,690	22,230	28,100

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

	July 23, 1935	June 23, 1936	June 30, 1936	July 7, 1936	July 15, 1936	July 23, 1936
Assets						
Gold	1,278,080	1,404,106	1,407,044	1,413,216	1,428,314	1,431,092
Of which held abroad	146,406	171,530	174,083	180,911	192,206	194,814
Discounts	100,541	79,021	101,041	94,103	81,095	81,624
Bills of the Confederation	54,905	56,800	59,580	55,200	52,850	50,500
Advances	92,727	68,332	88,511	74,917	73,921	74,580
Securities	57,760	45,999	45,479	45,471	45,215	45,050
LIABILITIES						
Notes in circulation	1,230,266	1,234,633	1,300,973	1,270,190	1,250,725	1,245,941
Deposits	314,355	354,946	339,611	346,206	369,878	373,158

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

	July 22, 1935	June 30, 1936	July 7, 1936	July 15, 1936	July 22, 1936
Assets					
Coin and bullion (gold reserve)	118,831	129,790	118,866	118,866	118,865
Balance abroad and foreign bills	43,760	65,493	71,183	77,837	82,557
Funds provisionally placed in gold, not included in the gold reserve	46,238	65,334	76,248	76,248	76,248
Norwegian and foreign governments securities	36,388	41,451	41,442	41,434	41,434
Discounts and loans	203,848	189,584	216,251	216,141	221,664
LIABILITIES					
Notes in circulation	326,790	375,881	373,091	374,864	374,002
Deposits at sight	76,662	76,110	113,623	116,392	125,543

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

	July 20, 1935	June 20, 1936	June 27, 1936	July 4, 1936	July 11, 1936	July 18, 1936
Assets						
Gold	2,269,387	2,202,302	2,202,301	2,202,307	2,202,316	2,202,300
Silver	701,381	663,791	669,133	661,679	657,744	658,709
Discounts	1,037,537	1,094,258	1,128,438	1,168,601	1,164,221	1,168,276
Loans	1,308,172	1,595,677	1,597,684	1,642,600	1,699,232	1,675,578
Treasury bills	77,415	75,998	75,998	75,998	75,998	75,998
Securities	37,006	47,120	47,509	41,903	45,509	46,894
LIABILITIES						
Notes in circulation	4,593,370	5,395,940	5,371,457	5,499,404	5,498,069	5,451,556
Deposits	840,234	1,134,344	1,134,871	1,141,590	1,128,494	1,145,715

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

	July 15, 1935	June 23, 1936	June 30, 1936	July 7, 1936	July 15, 1936
Assets					
Gold and silver holdings	1,582,875	1,606,955	1,606,955	1,606,955	1,606,955
Balances abroad and foreign currencies	279,235	445,302	447,859	464,384	471,877
Discounts and advances	884,455	1,389,616	1,401,946	1,289,676	1,274,328
Advances to the Treasury	2,697,817	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES					
Reserves	1,258,235	1,245,718	1,245,637	1,246,143	1,246,788
Bank notes in circulation	2,121,001	2,329,385	2,051,006	1,986,375	2,071,581
Sight liabilities	128,635	123,696	123,426	122,778	121,465
Deposits					

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

	July 15, 1935	June 23, 1936	June 30, 1936	July 7, 1936	July 15, 1936
ASSETS					
Gold and gold exchange	3,512,122	3,055,407	3,034,028	2,968,716	2,943,315
State Gold Bonds	575,035	566,697	566,697	566,697	566,697
Bills discounted	272,249	282,703	286,175	287,475	293,021
Advances	2,727,316	5,278,931	5,368,281	5	5,688,116
State Debt	2,714,111	3,605,111	3,605,111	3,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,441,315	5,584,555	5,608,441	5,690,922	5,574,025
Deposits and current ac- counts	3,869,653	6,521,307	6,530,334	6,447,103	6,607,672
Federal Reserve liabilities	106,554	200,324	193,269	189,199	191,081



GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended July 30, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD
(Into and from United Kingdom)

Gold Imported into Great Britain and Northern Ireland, week ended July 30, 1936			Gold Exported from Great Britain and Northern Ireland, week ended July 30, 1936		
From	Bullion*	Coin†	To	Bullion*	Coin†
Br. South Africa ...	1,759,823	£	Union of S. Africa	£	5,837
Tanganyika Terr'try	5,296	...	British India	...	5,906
Kenya	5,332	...	Finland	22,634	...
Uganda Protectorate	3,481	...	Netherlands	...	7,656
British India	361,085	1,535	France	20,448	34,592
Australia	330,121	9	Switzerland	...	800
Germany	2,029	900	U.S.A.	69,840	23,205
Netherlands	41,878	...			
France	12,010,166	1,040			
Switzerland	3,283	21,349			
Iraq	1,998	187			
Venezuela	4,355	...			
Other Countries	3,217	1,446			
Totals	14,531,864	3,475	Totals	118,559	29,870
		32,520			61,977

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended July 30, 1936			Silver Exported from Great Britain and Northern Ireland, week ended July 30, 1936		
From	Bullion*	Coin†	To	Bullion*	Coin†
Australia	£ 58	1,065	British India	£ 769	...
Canada	2,000	117	Norway	1,241	...
Netherlands	117	...	Germany	1,450	39
Belgium	5,286	51	Netherlands	1,750	40
France	3,016	214	Egypt	1,484	983
Switzerland	...	56	Other Countries	...	...
Japan	30,649	...			
Colombia	2,698	...			
Other Countries	200	...			
Totals	43,907	1,088	Totals	6,694	40
		438			1,022

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1936	ARRIVALS	1936	WITHDRAWALS
July 24 Bar Gold	753,958	July 24	...
" 25 Bar Gold	506,176	" 25	...
" 27 Bar Gold	1,108,800	" 27	...
" 28 Bar Gold	702,400	" 28	...
" 29 Bar Gold	...	" 29	...
" 30 Bar Gold	1,104,986	" 30	...
Total	4,174,120	Total	...
Movement July 24, 1936, to July 30, 1936 (inclusive) £4,174,120 in			
Movement during year 1935 £7,745,822 in			
Movement during 1936 (January 1 to July 30, 1936, inclusive) £40,995,102 in			
Movement April 29, 1925, to July 30, 1936 (inclusive) £81,952,289 in			
Movement September 21, 1931 (gold standard suspended) to July 30, 1936 (inclusive) £104,357,751 in			

GOLD MARKET

Messrs Samuel Montagu and Company write on July 29, 1936:—The Bank of England gold reserve against notes amounted to £235,767,025 on July 22nd, as compared with £230,994,404 on July 15th. Purchases of bar gold announced by the Bank during the week total £4,174,193. About £1,660,000 gold has been dealt with at the daily fixing. The demands of the special buyer have not been so keen and the premiums over the gold parties have eased slightly. The Customs figures below show a further £11,700,000 bar gold transferred to London from Paris, presumably for a special account.

Gold shipments from Bombay last week amounted to about £707,000. The s.s. "Corfu" carries £682,000 consigned to London, whilst the s.s. "President Adams" carries £45,000.

SILVER MARKET

Conditions have continued quiet. During the earlier part of the week China sales and Indian and speculative resales were countered by Indian demand both for immediate shipment and for forward delivery, and by some fresh speculative purchases; but during the latter half of the period, support has considerably diminished, with the result that prices have sagged until on July 29th we quote 19½d. for cash and 19½d. for forward delivery. These prices compare with 19½d. quoted for both deliveries on July 25th, and with 19½d. quoted on July 22nd. The market is small and therefore sensitive, but although the undertone lacks strength, prices may be about low enough for the moment.

Quotations for gold and silver are shown below:—

1936	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce .999 fine
			Cash	Two Months	
July 23	s. d. 138 8½	s. d. 12 2-99	d. 19½	d. 19½	July 22 45
" 24	138 10	12 2-86	19½	19½	" 23 45
" 25	138 10½	12 2-81	19½	19½	" 24 45
" 27	138 10	12 2-83	19½	19½	" 25 45
" 28	138 11	12 2-86	19½	19½	" 27 45
" 29	138 10	12 2-86	19½	19½	" 28 45
Average	138 10	12 2-86	19-583	19-594	
July 30	138 9½	12 2-90	19½	19½	

The highest rate of exchange on New York recorded during the period from the 23rd inst. to the 29th inst. was \$5.02½ and the lowest \$5.01½.

COMPANY NEWS

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	* Interim or † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
BANKS					
Bank of New South Wales	5/- p.s.*	Aug. 28	Same	...	...
INSURANCE					
Employers Liability Assurance	1/6 p.s.*	Sept. 25	Same	...	...
RAILWAYS					
Gt. Northern (Ireland) 4% Gtd. Stk.	2%*	Sept. 1	...	...	...
Southern Railway Pref. Ord.	1%*	Aug. 13	Same	...	...
TEA AND RUBBER					
Perak Rubber	...	...	...	5	7½
MINING					
Mountain Copper	21%*	Sept. 1	Same	...	...
Rhokana Corporation (Ord. and A)	{ 12½%* 5%†	{ Aug. 7	{ ...	{ 17½	{ 12½
OTHER COMPANIES					
Aplin & Barrett	1s. p.s.*	Sept. 2	Same	...	...
Artizans and General Dwellings	3%*	Sept. 9	Same	...	...
Baird (William)	...	...	...	10	...
Barton and Sons	...	...	...	...	...
Bassett (Geo.) and Company	13½%*	...	12½%†	18½	17½
Bent's Brewery	5%*	...	Same	...	...
Brandram Brothers and Co.	2%*	Sept. 15	Same	...	...
Bridgewater Estates	3%*	Aug. 27	2%*	...	...
British Wagon	8½%*	Aug. 1	Same	...	...
Bristol Tramways	3%*	Aug. 11	Same	...	...
City of London Electric	3½%*	Sept. 30	Same	...	...
Civil Service Co-operative Trust ..	3%*	...	...	...	...
Craven Brothers (Manchester)	5%*	Sept. 30	First	...	...
Dublin (South) City Market	4½%*	...	Same	4½b	4½b
Eburite Containers	5%*	...	4%*	...	...
Electrolux Corp.: Quarterly	67½ c.p.s.*	...	61 c.p.s.	...	...
Gas Light and Coke	5%*	...	Same	...	...
Grand Canal (Dublin)	1%*	...	...	2½	2½
Harvey & Thompson (Div.)	10%*	...	Same	15	15
Holden (Isaac)	1/8 p.s.†	Sept. 1	7½%*	13½	11½
Imperial Tobacco (Great Britain and Ireland)	7½%*	Sept. 1	Same	...	...
J. Sears (True Form)	3d.p.s.*	Sept. 1	Same	...	...
John Greenwood Millers	6%†	...	7%a	11	14a
Kelsall & Kemp	2½%*	...	Nil	5	Nil
Lancashire Safety Glass	3½%*	...	...	6	5
Law Land	4%*	Sept. 1	Same	...	...
Lochelly Iron and Coal	...	...	...	7½	4
London Commercial Sale Rooms ..	5%*	Aug. 14	Same	...	...
Lotus	2½%*	Aug. 1	Same	...	...
Linen Thread Pref. Ord. and Ord.	3%*	...	Same	...	...
Liverpool Daily Post	10%*	Aug. 29	Same	...	...
London Associated Electricity	3%*	Aug. 14	Same	...	...
London Electric	3%*	Sept. 1	Same	...	...
Merchants Trust	3%*	Sept. 1	Same	...	...
Metropolitan Electric	3%*	Aug. 12	Same	...	...
Martinez, Gassiot and Co.	6½%†	Sept. 4	Same	10	10
Met. Riv. Surplus Lands	1%*	...	Same	...	...
North Borneo Trading	4%*	Aug. 19	...	2½	5
E.N.V. Engineering	5%†	...	3%*	...	...
Palestine Electric	5%†	Aug. 31	Same	7½	7½
Perry and Co.	5%*	Aug. 12	Same	...	...
Projectile Engineering	5%*	...	...	...	...
Port of Beira Devel. A Shares	5d. p.s.	July 30	Nil	...	...
Prices Trust	22½%†	...	10%*	30	15
Rowtown Houses	2½%*	Sept. 30	Same	...	...
Sackville Estates	2%*	Aug. 31	Same	...	...
Scottish Wagon	4%*	...	Same	...	...
Second British Assets	2½%*	Sept. 1	Same	...	...
Sparrow Hardwick and Co.	2½%*	...	3%*	...	...
Spratts Patent	1s. p.s.*	Aug. 15	Same	...	...
Third Guardian Trust	1½%*	...	1%*	...	...
Third Scottish American Trust	12%†	Aug. 20	11%†	18	17
Tata Iron and Steel Ord.	Rs. 6 p.s.	...	Nil	...	...
" " Def.	Rs. 7.8ps	...	Nil	...	...
Woolcombers	5%†	...	Same	...	...
Wade (G.) and English	5%†	Aug. 8	Same	...	...

§ Tax free. (a) For period June 6, 1934, to January 29, 1935. (b) Half-year. † Free of income tax.

THE COMMERCIAL BANK OF AUSTRALIA, LTD.—Net profits for year ended June 30, 1936, were £234,480, as against £228,458 for the previous year. Appropriations: Reduction of bank premises, £25,000. Final dividend for six months on preference shares at 4 per cent. per annum, £42,347. Final dividend for six months on ordinary shares at 6 per cent. per annum, £66,666. Carried forward to next year, £98,929. The dividends in both cases are payable in Australian currency.

IMPERIAL TOBACCO (GREAT BRITAIN AND IRELAND).—Interim of 7½ per cent., tax free, unchanged.

LONDON AND NORTH-EASTERN RAILWAY.—Interim dividend unchanged at 2 per cent. on 4 per cent. first and second guaranteed stocks.

SUMMARY OF BALANCE SHEETS

BANKERS TRUST COMPANY, NEW YORK

Balance Sheet, June 30, 1936			
LIABILITIES	\$	ASSETS	\$
Capital	25,000,000	Cash	153,672,322
Surplus fund	50,000,000	Exchanges for Clearing House	67,863,543
Undivided profits	19,091,338	U.S. Government securities	581,412,681
Contingency fund	13,616,038	Demand loans	69,694,758
Deposits	947,582,940	Time loans and bills discounted	153,081,419
Outstanding and certified cheques	42,401,055	State and municipal bonds	34,661,925
Dividend payable July 1, 1936	1,250,000	Stocks of Federal Reserve Bank and Bank for International Settlements	2,280,000
Accrued interest payable	31,213	Other securities and investments	22,796,844
Unearned interest	202,813	Mortgages owned	2,400,421
Reserve for taxes and expenses	1,058,987	Banking premises	19,970,103
Acceptances	6,298,086	Real estate	1,393,472
Securities sold under repurchase agreement	12,183,000	Accrued interest and accounts receivable	3,992,445
Acceptances, etc., sold with our endorsement	5,123,481	Customers' liability on acceptances	5,475,547
		Liability of others on acceptances, etc.	5,123,481
	\$1,123,818,961		\$1,123,818,961

REPORTS AND NOTICES

RAILWAYS
THE CENTRAL URUGUAY RAILWAY COMPANY OF MONTEVIDEO, LTD., AND ALLIED COMPANIES.—The "Stockholders' Committee" appointed under the Scheme of Arrangement sanctioned on July 15, 1935, has, under the powers conferred upon it by the scheme, extended the moratorium for a further period until September 30, 1937.

BANKS
BANKERS TRUST COMPANY, NEW YORK.—We regret that owing to a printer's error the total liabilities of the Bankers Trust Company, New York, in the balance sheet of June 30, 1936, printed on page 145 of the *Economist* of July 18th last, were shown as \$18,123,18,961. The correct figure is \$1,123,818,961.

MISCELLANEOUS
ANGLO-SPANISH CONSTRUCTION COMPANY, LTD.—At the eleventh annual general meeting, held on July 22nd, the chairman, Mr David McAdam Eccles, said that the outstanding debentures were now 65 per cent. repaid. The company's capital and liabilities amounted to £3,204,205, and the assets consisted of approximately £115,000 in cash, gold bonds to the value of £208,733, and its interest in the Santander-Mediterranean Company, to which the Spanish Government owed some Pts. 65,000,000, equivalent to about £1,750,000. No payments had been received during the year: and it was necessary once more to emphasise that there was no question as to the legality of these indisputed claims of the company. The fulfilment of these obligations would be regarded as an important test of the Government's good faith in respect of its commitments generally, and the company had the active support of the British Government for the claims.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount				
		£	£	£	£	£	%	£	£	£	%
Banks											
Bank of Roumania	Dec. 31	5,885	5,857	11,742	...	...	...	...	11,742	719	Nil
Breweries											
Colchester Brewing.....	June 30	55,724	14,778	70,502	9,723	19,151	20	Dr. 15,319	56,947	17,474	10
Showells Brewery	June 30	22,508	31,682	54,190	10,609	18,400	30	...	25,181	(t) 29,408	22½
Electric Lighting, etc.											
Jerusalem Electric	Mar. 31	3,488	54,927	58,415	12,206	7,625	5	35,752	2,832	40,240	4
Financial Land, etc.											
Marsman Investments	Apr. 30	...	Dr. 529	Dr. 529	...	...	...	...	Dr. 529	(b)	(b)
Iron, Coal and Steel											
Partington Steel and Iron...	June 30	Dr. 95,886	(s) 30,768	Dr. 65,118	...	...	...	...	Dr 65,118	Dr 13,673	Nil
Pearson and Knowles	June 30	Dr. 5,137	(s) 5,332	195	...	...	...	...	195	Dr. 6,700	Nil
Oil											
Dacia Romano Petroleum...	Dec. 31	Dr 142,676	1,341	Dr 141,334	...	...	...	...	Dr 141,334	Dr 46,975	Nil
Rubber											
Harewood	Mar. 31	2,583	839	3,422	...	...	...	...	3,422	1,702	Nil
Merah	Mar. 31	Dr. 16	980	964	...	...	...	...	964	1,416	Nil
Semenyih	Apr. 30	10,411	5,411	15,822	...	4,727	10	...	11,095	6,248	10
Sungei Gettah.....	Mar. 31	8,185	2,951	11,136	...	3,600	4	...	7,536	6,035	5
Tea											
Bowlana	Mar. 31	80	206	286	...	...	...	...	286	Dr. 360	Nil
Dhamai	Dec. 31	5,672	10,083	15,755	877	10,467	20	...	4,411	13,495	17½
Textiles											
Kelsall and Kemp.....	June 30	38,792	44,533	83,325	21,525	17,297	5	1,766	42,737	19,386	Nil
Trusts											
Second Clydesdale	July 1	14,411	24,816	39,227	11,719	6,250	4	3,352	17,906	24,273	4
Second Scottish Western ...	July 1	27,022	37,605	64,627	23,188	9,200	3	...	32,239	42,557	3
Other Companies											
Bassett (Geo.) and Co.	May 31	12,932	60,106	73,038	5,766	35,898	18½	...	18,217	13,157	53,717
British Homophone	Jan 31	Dr 143,331	Dr. 165,669	Dr. 309,000	...	...	...	...	Dr 309,000	(b)	17½
British Monomarks	Dec. 31	Dr 156,139	499	Dr. 155,640	...	...	...	...	Dr 155,640	673	Nil
Cropper and Co.	June 30	6,064	33,797	39,861	11,003	13,650	10	7,500	7,708	31,776	10
Dublin (South) City Market	June 30*	8,635	4,204	12,839	...	3,488	4½	500	8,851	4,739	4½
Hoffnung (S.) and Co.	Mar. 31	11,446	43,268	54,714	25,312	11,250	5	5,000	13,152	40,363	Nil
James' Sewing Machine	May 31	3,875	7,460	11,335	2,998	4,151	6½	...	4,186	9,246	6
Pharmaceutical Products...	Mar. 31	893	3,774	4,667	8,125	...	...	Dr. 11,420	7,962	9,331	Nil
United Cannors	May 31	2,948	13,444	16,392	...	5,147	5	4,978	6,267	7,827	2½
* For half year. † Free of income tax. (b) No comparable figures. (s) Eighteen months. (t) Nine Months.											

that those in control of the scheme are more anxious to stimulate consumption than to exact scarcity prices from consumers. Tin reacted sharply on the news of the breakdown of the negotiations with Siam, but subsequently it staged a partial recovery in the belief that Siam's "no" was merely a move in the game of bargaining. The market in lead reacted a little following the recent advance in prices, and spelter was firm. Rubber was a quiet market. Among textile raw materials, United States cotton was marked down on better crop news, but the speculative rise in Egyptian Sakellaridis continued. Wool is scarcely changed on the week.

Under the lead of cereals, quotations for primary products in the United States registered a further advance. Thus, Moody's index of the dollar prices of staple commodities (December 31, 1931 = 100) rose from 179.1 to 180.7 in the week ended last Wednesday. The index stood at 169.0 a month ago and at 162.4 on the corresponding day last year.

COAL

SHEFFIELD.—There continues to be a strong demand for industrial coal and supplies of best hards are somewhat scarce, being almost wholly taken up under contract on inland account. There is little new business in steam coal. Small coals are in demand, the needs of coking plants being heavy. All grades of coke remain firm, and furnace coke is particularly in demand. The Coal Quota Committee of the Midland Amalgamated District has increased the output quota for July by 2½ per cent. of standard tonnage to 60 per cent., and the inland sales quota similarly. This is due to the shortage of coal for coke-making and the heavy demand for hard steam coal for the iron and steel trades.

WORKINGTON.—The coal trade is picking up again, and unless the pits at Whitehaven resume working, a difficult situation will confront the collieries during the autumn and winter. Even now there is not enough coal to go round. Small coal especially is in short supply, and Welsh coal has to be brought in for the 52 new ovens recently lighted at Workington. All classes of industrial fuel are in strong request, and there is an improving Irish and local market for house fuel. Prices remain at winter level.

NEWCASTLE-ON-TYNE.—The summer season this year has made no difference to the demand for all classes and grades of Northumberland steam coals. This month has been marked by a heavy demand from Scandinavia, and already trade is assured for August and September. Hence there seems little doubt that Northumberland steam collieries are going to have a busy time during the winter. Durham steams are also in good request, and there is a much better demand, principally from the home market, for good classes of coking coal. Ordinary second classes of manufacturing fuel are offered freely. Coke of all descriptions continues to be an active market.

GLASGOW.—Following the resumption of work at the collieries in Fife and Lanarkshire a freer movement of coal has been seen this week. New business in both the inland and export branches has been quiet, but for shipment collieries are fairly well booked and are disinclined to accept further orders pending the coming change in selling arrangements, while in the home market the indications are that an expansion in demand will develop from now onwards. In the east best steam coal is notably strong, and navigation bunkers and washed nuts are scarce and firm in all districts.

CARDIFF.—Conditions on the Cardiff coal market remain practically unchanged. New inquiries have been very scarce, and contracts have been insufficient to keep collieries regularly employed. Large coals are the weakest and washed smalls and sized grades the strongest features. Demand for coke remains active; there is a steady but contracted demand for patent fuel. Prices are unaltered.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that conditions in the iron and steel markets have become rather quieter, but that there has been no relaxation in the activity at the steelworks. Consumers' requirements are well maintained, and although production is almost at a record rate, deliveries in several departments of the industry are in arrears.

Demand for pig iron is steady and the consuming industries are more comfortably situated with regard to supplies than for some time past. The halt in the flow of new orders is not expected to last for more than a week or two and fear is expressed that stringent conditions will develop in the autumn.

The request for semi-finished steel has been active, but works are so heavily committed that it has not been easy to place orders for near delivery. Works are operating practically at capacity, but are finding it difficult to meet requirements. The position in this department, however, seems to be slowly improving and holiday stoppages have enabled makers to overtake some of the delays in the execution of orders.

In the finished steel section there is a tendency for new business to become quieter, but the pressure on deliveries seems to increase. Large quantities of structural steel are passing into consumption and users are finding it difficult to obtain the material they need. Inquiry on export account has broadened somewhat of late.

MIDDLESBROUGH.—Makers of Cleveland foundry pig iron are busily engaged fulfilling orders to home consumers. Rather larger quantities are available, but as shipments to Scotland are recom-

mencing, there is not very much available for the market. There has been an increase in production of East Coast hematite pig iron by the relighting of an additional large furnace at Consett. Output is readily taken up, and producers are well sold to the end of the year. All departments of the steel trade are busy. Supplies of semi-finished steel are easily absorbed. Home demand for structural steel, shipbuilding material and rails continues firm. Steel sheets have been advanced 10s. per ton for home sales, but the export price is unchanged.

SHEFFIELD.—The iron and steel market is somewhat quieter owing to the coming holiday, and pig iron business has been mainly in small parcels for early delivery. Producers are not anxious to add further to their commitments and forward buying is small. Forge demand is increasing. Foundry sorts are fully taken up. There is a scarcity of East and West Coast hematites. Business in common and marked bars remains good. Crown iron transactions are on a rather limited scale. Demand for both acid and basic steel billets continues strong. Bars, strip and stainless steel sheets are in growing request. Structural steel business is good, and the demand for wire rods is at a high level. Prices remain unaltered. The position in the iron and steel scrap market is unchanged. Steel output in this district shows further expansion, and in addition to the heavy run of orders from ordinary sources, important Government business in connection with the defence programme is being placed.

WORKINGTON.—The rush of business in the North-West Coast hematite pig-iron market after the recent increase of prices was so large that for the rest of the year makers have only the iron for sale that they have reserved to meet unforeseen needs. With nine furnaces in blast between Workington and Barrow they are still without sufficient iron to satisfy all requirements. Unfortunately there is little, if any, possibility of an expansion of production this year. The position is made more difficult by the shortage of ore supplies. The disorders in Spain prevent regular imports of ores, while native ore, despite the increase in output by 1,200 tons a week, is not abundant enough to render smelters independent of foreign ore. The spill-over, representing 40 per cent. of production, is all going to users in the Midlands, South Wales and Scotland. None can be spared for the Dominions or for the Continent. Steelmakers have on their books orders that will keep them engaged for another twelve months. Workington is rolling rails, billets, bars and slabs, and Barrow is on rails, hoops and strip. Native ore, at from 16s. to 17s. 6d. per ton, is wholly in local request.

GLASGOW.—Work has now been resumed at the various works in Glasgow and district, and it is many years since a re-start was made under happier circumstances. The definite announcement that the sister ship to the "Queen Mary" is to be built at Clydebank is good news not only for the thousands of men in that district who will find steady employment there for a number of years, but also for the steelmakers in the West of Scotland who are to supply thousands of tons of plates and sections to be used in the construction of the vessel. There is at the moment a fair amount of work on hand at the Clyde shipyards and further contracts are practically assured within the next month or two. Marine engineers and machinery builders in the Clyde area are exceedingly busy, having contracts for many vessels under construction in Clyde yards and also in other shipbuilding centres. As has been the case for some months now, steelmakers are fully employed, and are finding it increasingly difficult with existing plants to meet the demands of users, materials of all kinds being in urgent demand. Sheet makers find no falling off in home demand at the increased prices fixed last week and they are all exceedingly busy. Export demand also seems somewhat better both for black and galvanised sheets.

CARDIFF.—The recent improvement in the demand for tinplates has led to an increase in the quota to 65 per cent. of allotted capacity. Shipments at Swansea last week totalled 82,222 boxes, and there was also a good inland demand. Prices are unaltered at 18s. 9d. f.o.b. per basis box. Export demand for galvanised sheets is very restricted, but there is a good home trade. Quotations for sheets as well as for steel bars are unaltered.

OTHER METALS

COPPER.—The market continued firm and on Tuesday and Wednesday prices climbed to the highest level so far reached this year. Demand is still quite good, while supplies are showing signs of contraction. During the past week home warehouse stocks declined by 1,040 tons to 56,794 tons, 30,500 tons less than on January 1, 1936. Reports from the United States have been favourable during the week. According to the American Bureau of Metal Statistics copper consumption in the United States reached 103,650 short tons in the second quarter of this year, as compared with 79,250 tons in the preceding quarter and 85,700 tons in the second quarter of 1935. In order to prevent a further sharp advance in prices, the members of the international restriction scheme decided to increase production from 70 to 75 per cent. of capacity from August 1st.

Sales on the London Metal Exchange: 1,300 tons on Monday, against 2,100 tons last week; 1,500 tons on Tuesday, against 3,600 tons last week; 1,900 tons on Wednesday, against 2,700 tons last week. Domestic spot was quoted at 9.27½ cents per lb. in New York on Wednesday, against 9.22½ cents a week ago and 8.92½ cents a month ago. Wednesday's official closing price for standard cash in London was £37 18s. 9d. to £38, compared with £37 13s. 9d. to £37 15s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 53,539 tons, show a decrease of 1,104 tons, while stocks of rough copper, at 3,255 tons, show an increase of 64 tons on the week.

LEAD AND SPELTER.—After the recent advance lead prices experienced a slight reaction during the past week. Reports from

Spain, indicating that the revolution will have only a minor influence on the lead output of that country have probably been the chief cause. According to the American Bureau of Metal Statistics world production of lead in June reached 145,300 short tons, against 144,400 tons in May. June was the fifth consecutive month which showed a rise in lead output. Nevertheless, production does not yet exceed consumption. The outlook for prices remains, therefore, hopeful. Unlike lead, spelter for the first time since February registered a reduction in output in June. According to the Metallgesellschaft the world smelter output of zinc totalled 121,192 metric tons in June against 126,587 tons in May. The decline was chiefly due to the Belgian and French strikes. Spelter prices were strong during the past week and on Wednesday surpassed the £14 mark for the first time since the early part of June. Unless the cartel negotiations will have some tangible results in the immediate future the present level of spelter prices will probably not be maintained.

Sales of lead on the London Metal Exchange: 850 tons on Monday, against 1,550 tons last week; 1,300 tons on Tuesday, against 2,100 tons last week; 550 tons on Wednesday, against 2,100 tons last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 8s. 9d. per ton, compared with £16 12s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 700 tons on Monday, against 800 tons last week; 900 tons on Tuesday, against 800 tons last week; 800 tons on Wednesday, against 750 tons last week. Wednesday's quotation in East St. Louis was 4.80 cents per lb., against 4.80 cents the week before and 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 1s. 3d. per ton, against £13 17s. 6d. last week.

TIN.—The market experienced a sharp decline during the earlier part of the week on the report that the Government of Siam has rejected the quota offer of the International Tin Committee. On Wednesday, however, it was reported from Bangkok that further negotiations between the I.T.C. and the Siamese Government would take place and that Siam is not definitely opposed to the continuation of restriction. Prices subsequently recovered and the closing quotations on Wednesday afternoon showed a reduction on the week of only £2 15s. per ton for cash and £3 10s. per ton for forward tin. On the basis of the report it is believed in London tin circles that the scheme may be continued after all. The sharp drop in tin prices after the breakdown of the negotiations has been a warning to the Government of Siam, and it is believed that the Siamese will now be more accommodating.

Sales of tin on the London Metal Exchange: 875 tons on Monday, against 190 tons last week; 425 tons on Tuesday, against 150 tons last week; 400 tons on Wednesday, against 170 tons last week. The New York quotation on Wednesday was 43.12½ cents per lb., against 44.00 cents a week ago and 40.75 cents a month ago. Wednesday's official closing quotation in London for standard cash was £184 to £184 10s. per ton, compared with £189 15s. to £190 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 565 tons, a decrease of 10 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £11 19s. to £11 19s. 6d. per flask of 76 lb., the same as last week. Chinese antimony was quoted at £53 to £54 per ton ex warehouse, duty paid, as against £54 per ton last week. Chinese wolfram for July-August shipment was quoted at 26s. to 27s. per unit, c.i.f., as against 26s. 6d. to 27s. last week. Platinum (refined) was held at £8 per ounce.

TEXTILES

COTTON.—Manchester.—Business in yarn and cloth has been disturbed by the wider fluctuations in cotton prices. There has been a fair inquiry in piece goods for export, but the turnover has shown no improvement. Although there is a general acceptance of the view that the technical position of raw cotton is strong, there is a reluctance amongst shippers and merchants to enter into important cloth contracts. Business for the most part has again been of a hand-to-mouth character. More favourable advices relating to the progress of the American crop have tempered bullish feeling. Profit taking and hedge selling have caused a slight downward reaction. The position regarding supplies will become clearer with the publication of the official forecast. Meanwhile markets will be harassed by numerous private estimates to be issued during the next week.

COTTON PRICES

	1936				Corresponding Date	
	July 8	July 15	July 22	July 29	1934	1935
Raw Cotton—Mid. American..... per lb.	d. 7.24	d. 7.50	d. 7.39	d. 7.28	d. 7.04	d. 6.75
Sakellaridis Fully Good Fair Egyptian..... per lb.	9.84	10.15	10.50	11.20	8.62	8.09
Yarns—32's twist..... per lb.	10½	11½	11½	11½	10½	10½
" 40's twist..... per lb.	11	11½	11½	11½	10½	10½
" 60's twist (Egyptian)..... per lb.	16½	16½	17½	17½	17	15½
32-in. Printers, 118 yds., 16 by 16, 32's and 50's.....	s. d. 17 10½	s. d. 18 1½	s. d. 18 3	s. d. 18 3	s. d. 19 3	s. d. 17 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	25 4	25 7	25 9	25 9	24 3	24 4½
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 5	10 6	10 6	10 6	11 2	10 5
39-in. ditto, 37½ yds. 16 by 15, 8½ lb.	9 5	9 6	9 6	9 6	10 0	9 3

Business in yarns has been difficult to arrange. There has been a fair turnover in American numbers and quotations have remained steady. In the fine spinning section, however, the stiff advance in Sakel cotton resulted in users purchasing from hand to mouth. Business has since been definitely checked.

JUTE.—Dundee.—The chief item of interest in the jute industry is the news of a probable settlement of the question of working hours in India. Calcutta hessians and bags show signs of firming up again. The low prices for Calcutta goods have had a depressing influence on prices of all goods produced at other centres, and competition for business all over the world has been extremely keen.

Raw jute prices have altered little in recent weeks and Daisee-½ continues to rule round about £16 for the full group and Tossa-½ at £17, October/November.

Jute yarns have ruled very quiet and prices are more or less nominal, especially this holiday week.

Cloth business is still somewhat slow, but there has been quite a fair volume of inquiry in the market recently, which augurs rather better for the future. Business has been done at from 3½d. for 10 oz. 40 in., and 1½d. for 8 oz. Linoleum hessians are nominal, and heavy goods are quieter after a good spell of buying.

GRAIN MARKETS

WHEAT.—Wheat prices continued to rise during the past week on unfavourable weather reports from North America. Although it is as yet too early to estimate the supply-demand position during the 1936-37 season, the world's carry-over of old wheat is considerably smaller than a year ago. Thus, the *Corn Trade News* estimated world reserves (except in Russia and Asiatic countries) at the end of July at 402 million bushels, a reduction of 182 million bushels on the year.

On Wednesday last, "September" futures were quoted in Chicago at 108½ cents per bushel, against 104 cents the week before and 97 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 38s. per 496 lbs., against 36s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 37s. 6d., against 36s. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 963,000 quarters, against 1,086,000 in the previous week and 829,000 quarters in the corresponding week a year ago.

FLOUR.—Quotations for flour were marked up in sympathy with the rise in wheat prices. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 31s. per 280 lbs., against 30s. a week ago; delivered inner London, 30s. 6d., as compared with 29s. 6d. a week ago. Manitoba patents, ex store, 28s. 6d. to 29s. 9d., against 27s. 6d. to 29s. a week ago. Australian, ex store, 24s. 6d., against 23s. to 23s. 6d. a week ago.

BARLEY.—There was a good demand for Danubian barley at firm prices. The latest crop reports indicate that supplies will not be excessive next season. "July" futures were quoted at 55 cents per bushel in Winnipeg on Wednesday, against 50½ cents a week ago and 38½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 25s., as against 25s. a week ago; "English malting," at farm, not quoted.

OATS.—On Wednesday, "September" futures were quoted at 38½ cents a bushel in Chicago, against 37½ cents a week ago and 32½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 20s. 6d. per 336 lbs., against 20s. 6d. a week ago; "English White," at farm, 20s. 6d., against 20s. 6d. a week earlier.

MAIZE.—The market in maize has been active and quotations rose sharply on unfavourable crop reports and in sympathy with the advance in wheat prices. "September" futures were quoted on

MANCHESTER
36 Charlotte St.
NEW YORK

BRADFORD
38 Hunsleygate
PARIS

Bank of London & South America Limited
6, 7 & 8 Tokenhouse Yard, London, E.C.2

Branches in
**ARGENTINA — BRAZIL
COLOMBIA — CHILE
PARAGUAY — URUGUAY
PORTUGAL**

	July 31, 1935 Cents	July 1, 1936 Cents	July 22, 1936 Cents	July 29, 1936 Cents		July 31, 1935 Cents	July 24, 1936 Cents	July 22, 1936 Cents	July 29, 1936 Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	93½	95½	104½ ^(b)	108½ ^(c)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3-20	3-75	3-70	3-65
Maize, nearest future, Chicago, per bushel	84½	68½	94½ ^(b)	94 ^(c)	Cotton, middling, spot, per lb.	12-20	12-50	13-14	12-80
Oats, nearest future, Chicago, per bushel	42½	30½	38½ ^(b)	38½ ^(c)	Rubber, smoked sheet, spot, per lb.....	12 1/16	16½	16 7/16	16 7/16
Rye, nearest future, Chicago, per bushel	45½	65½	72 ^(b)	76½ ^(c)	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	46½	63 ^(b)	66 ^(c)	Copper, "Electrolytic," Domestic, spot, per lb.....	7-50	8-92½	9-22½	9-27½
Coffee, Rio No. 7, cash, per lb...	6½	6½	7½	7½	Copper, "Electrolytic," Export prompt, per lb.....	7-72½	9-15	9-45	9-50
" Santos No. 4, cash, per lb.	8	8½	9½	9½	Spelter, East St. Louis, spot, per lb.	4-40	4-85	4-80	4-80
Cocoa, Accra, nearest future, per lb.	4-64	5-99	6-15	6-13	Lead, spot, per lb.	4-15	4-60	4-60	4-60
					Tin, " Straits," spot, per lb.	52-65	40-75	44-00	43-12½

(a) Nominal.
(b) July futures.
(c) September futures.

reasonable undertaking to stop enrolment of volunteers and public subscriptions, the cessation of demonstrations and press campaigns in favour of either side in Spain, and information whether a pledge of non-intervention is to apply "to individuals as well as to Governments." This is an attempt to export Fascism, with a vengeance. It is doubtful if even the *Daily Mail* in this country would agree to discontinue its campaign on the rebels' behalf. The Duce is trying to muzzle freedom of speech in other countries, while maintaining a free hand for his own Fascists' "individual" activities in the foreign field.

The essentials of the international problem posed by the revolt in Spain are plain enough. The duties of one sovereign State towards another with whose constitutional Government relations remain friendly, for so long as that Government subsists and maintains its accredited representatives abroad, are clearly prescribed by international law. The plainest of these obligations is not to succour or assist rebels against such a Government. Whether one State will actively assist the Government of another against rebels, lies with the first State itself to determine. It may or it may not; and if it does not, the Government against which rebellion has broken out cannot complain. But if assistance to a friendly Government is optional, assistance to rebels against a friendly Government is not. Indeed, it can be an act of war. It is espousal of the cause of piracy; and any ships or aeroplanes of a State actively assisting rebels can be destroyed as "pirates" by the Government against which the rebels are fighting. The State assisting rebels is liable for damages, but can claim no redress for damages to its filibustering nationals' lives or property.

These considerations at least point one clear path through the confusions in which the Spanish situation threatens to involve us all. The British Government should at once—for time is of the essence of the problem—associate themselves with the French Government in a joint *communiqué* to such European Powers as are directly involved in the progress of the Spanish struggle. Their *communiqué* should invite the German, Russian, Italian, Belgian and Portuguese Governments—to begin with—to agree, *without delay and within a time limit*, to observe the principles outlined above: namely, to refrain from assisting, or allowing their nationals to assist, the rebels; and to reserve their legal rights to assist, or to withhold assistance from, the Spanish Government if they should ask for it.

But this in itself is not enough. Any Government in these days can judiciously lower one or both eyelids at the activities of "private" persons or corporations. Therefore the proposed Anglo-French *communiqué* should envisage the immediate formation of international air and naval forces to "keep the ring" of the Spanish cockpit; to isolate the conflict; and to prevent filibustering and freebooting. If Russia or Germany or Italy refuses the invitation to accede, and to participate in this international work of law and order, those Powers should proceed who do agree. Interest and obligations alike counsel the Government of this country to act, not to breathe pious formulae; to co-operate fully and without a moment's delay with all Governments who will help to localise a tragic conflict; and to take action to prevent filibuster politics from a triumph over democracy.

One last word to His Majesty's Government: Do they imagine that, if they sit idly by in holiday mood, material aid by two European Great Powers to one side in Spain will not be followed by the material aid of the two other European Great Powers to the other side? In that case, this country—with its Imperial defences and communications to maintain—may have to reckon with either another European conflagration, or with a Spain which forms a third military dictatorship on the third frontier of France and the second military dictatorship in the Mediterranean. Are the British Government prepared to acquiesce in either of these dire developments when a third way lies plain before them—a way that will be safer for Spain, for Europe, and for Britain herself? After 1914, and after Abyssinia, it would be better to state British intentions clearly and unhesitatingly. From their vacational pursuits, we trust the Prime Minister and the Cabinet will at least tell Europe that they have decided actively to assist in localising the conflict in Spain.

THE CHALLENGE TO DEMOCRACY

WHEN the knight-errant of the classical world, King Pyrrhus of Epirus, sailed away from the shores of a Sicily where he had just inexplicably thrown in his hand after having played it within an ace of victory, he is reported to have gazed back at the island and to have said to his suite: "My friends, what a marvellous arena we are leaving for the Carthaginians and the Romans to fight in." Plutarch, who tells the story, does not fail to add that "Pyrrhus's surmise was soon translated into fact." Our own Mr Baldwin is no knight-errant; but he does display, quite often, those flashes of insight with which poor flighty Pyrrhus was so seldom blessed. At this moment we can easily imagine the present Prime Minister of H.M. Government in the United Kingdom heaving a complacently irresponsible sigh as he evacuates the Continent (a seven minutes' passage, nowadays, by air!) and leaves that handy arena at the disposal of Fascism and Communism. These two young and lusty forces are to-day spoiling for a fight over the derelict domain of a retreating Democracy.

Fascism and Communism, between them, are indeed already in occupation of the field to an extent which is acutely alarming. Even in the Mother of Parliaments at Westminster, when there is discussion of what the British Government's attitude is to be towards the present unhappy civil war in Spain, we saw last week a tendency—surely both unprecedented and untoward in English political life—for the supporters of the Government and the Opposition to line up against one another under the opposing partisan flags: pro-Communist and pro-Fascist. When Members of the House of Commons show an inclination to make their choice between these alien and exotic colours, it begins to look as if the cause of democratic parliamentarianism—a cause which has hitherto been common to all Parties in Great Britain—were in some danger of going under even here, its first and last citadel. For our traditional English political system and philosophy is threatened by Fascism and by Communism alike. From the standpoint of a democrat and a liberal these Russian reds and Italo-German black-and-tans have this one thing in common—that they have both put their trust in the same denial of liberty and in the same barbarically intolerant political philosophy of violence. Democracy is being challenged by a "Fasci-Communism" which is uniform in these essential points.

Democracy and this authoritarianism are thus the two real protagonists in the vast political struggle on which mankind is engaged to-day. The world-arena will not, after all, be at the disposal of the Communist and Fascist factions of the authoritarian camp unless and until our own Democracy has been completely and irretrievably driven off the field. If that happens, the reward of centuries of struggle will be lost, and Liberty will vanish from the world until the day when it achieves a painful rebirth from within one or other of the rival authoritarian systems.

Fundamentally, this struggle between Democracy and authoritarianism is a struggle of Parties; but, in a world that is carved up, as our world is, into a number of parochial States, the opposing causes are represented by countries as well as by Parties which transcend national frontiers. In this division of the world by countries, the Liberal-democratic camp is to-day represented by three Great Powers out of seven; but, at the moment, not one of these three democratic Powers is showing much fight in the democratic cause. The United Kingdom and France to-day look almost like time-expired Powers that are contemplating abdication. The United States, still a young Power, shows a deep disinclination to assume the rôle which her strength would enable her to play in international affairs.

If France and the United Kingdom now yield to their apparent inclination to retire from international business, one result would be to open the way for an enormous change in the present balance of power between States. In a Note on page 261 we discuss this possibility in its regional application to the Mediterranean. When Pyrrhus evacuated Sicily the Greek States of the ancient world went down, while Rome and Carthage fought for the hegemony. Yet that was not the most serious effect of

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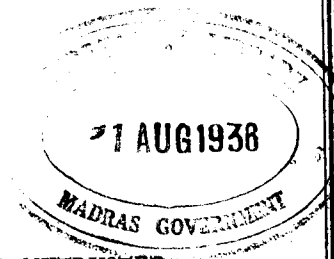
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Pyrrhus' historic retreat. With the Greek States went Greek liberty; with the Roman ascendancy there came in a Roman world dictatorship in the shape of Cæsarism. And so it is in our world to-day. The ultimate question is not whether the French Republic and the British Empire shall lose power to the German Reich and/or the Fascist neo-Roman Empire and/or the Soviet Union. The real question is whether some new form of tyranny is to get the upper hand over that Liberal-Democratic political dispensation of which France and England are—whether we relish the responsibility or not—the two principal European trustees. They are its trustees in virtue of a birthright which the living generation of Frenchmen and Englishmen cannot repudiate without betraying both their fathers and their children, and without deeply dishonouring themselves. Mr Baldwin is thus responsible for the vindication of something that is greater than either the United Kingdom or even the whole British Empire. His highest duty and task, in his present office, is to uphold, against an extremely formidable challenge, those principles and ideals of which our British Commonwealth of Nations is still a concrete embodiment. Nothing less than Democracy itself is the cause in which the Blums and Baldwins ought to be giving the rest of us a courageous lead to-day.

Unhappily, we are being compelled to-day to assist at a deplorably different spectacle. What we are actually witnessing is a state of affairs that looks suspiciously like democracy "on the run." What is the explanation of this *débâcle*? To discover it, we must evidently look beyond the personalities of the politicians. When Mr Baldwin says that he is only translating public opinion into public policy, we cannot deny that there is a large measure of truth in his apologia; and though it is far from being the whole duty of a democratic statesman to wait upon the popular will—for he should be a leader rather than a follower—it is certainly true that the temper which Mr Baldwin represents is widespread to-day among the citizens of all the surviving democratic countries.

What is it, then, that has gone morally wrong with the democracies—leaders and rank-and-file alike? Perhaps our moral malady is incidentally betrayed in a public statement that was made on Monday by the French Minister for Foreign Affairs. "At all costs," said M. Delbos, "there must not be a new crusade of ideals in Europe, which would probably lead to war." As a declaration of practical policy over the Spanish civil war, M. Delbos's formula may be impeccable, but it has an uglier appearance in its previous application—now a perhaps irretrievable *fait accompli*—to the Italo-Abyssinian issue. And, at any rate, how profound and how illuminating is the contrast between these "ideas of 1936" and the "ideas of 1789" to which M. Delbos and his Radical-Socialist colleagues are still officially dedicated. What would have happened to the democratic cause in France in 1792, or in America in 1775, if the trustees of democracy in its precarious infancy had anticipated M. Delbos in preaching the virtue of dropping one's principles in order

to avoid a row? That is not the spirit in which either causes or countries are led to victory. It is not the spirit which has brought victory, since the war, to the cause of the Lenins and the Hitlers and the Mussolinis. These victorious post-war dictatorships are the obverse of our own problem: that of post-war democracies which have suffered continual reverses.

It is manifest that a lively faith—a willingness to back the cause one believes in, and to take any consequences—has been the secret of the triumphs of the anti-democratic cause. Yet it is fundamentally a bad cause, for it has a lie in the soul. It preaches a class-war or tribe-war or race-war of man against a human brother; and it makes an idol out of man's imperfect handiwork, the State. Yet, with this lie in the soul, the anti-democrats have been going from strength to strength. They have been conquering because they have had the faith to believe of their ideals that *in hoc signo vinces*. We democrats are the votaries of an opposing and incompatible ideal. In our belief, it is a true and not a false ideal. Will the leaders of our democracy allow truth to suffer a disastrous defeat simply for lack of that faith and readiness for self-sacrifice which our manfully benighted opponents so conspicuously display?

THE MANGANESE BOOM

THE rapid and extensive increase in the demand for steel to fulfil the requirements of the Government's armament programme has created quite a boom in manganese. Manganese is in universal use for de-oxidising, desulphurising and recarburising steel. Moreover, the addition of certain quantities of manganese considerably increases the hardness and toughness of steel. Over 90 per cent. of the world's manganese supplies are absorbed for these purposes by iron and steel makers. Although no reliable statistics of the world's manganese consumption are available, it can be safely assumed that manganese consumption fluctuates between 2.5 and 3.0 per cent. of the world's steel production. In other words, manganese shares fully in any rise in consumption of iron and steel. The metal can be regarded as one of the most important armament metals.

Before the war the structure of the manganese industry was very simple. In 1914 world production was 1.87 million metric tons, of which 0.9 millions came from Russia. British India supplied 0.6 millions, and the balance was spread over many countries which produced certain quantities of manganese in connection with iron ore mining. Up to the present day—except for some years after the Russian revolution—Russia has maintained the leading place as the world's supplier of manganese ore. Russia's record output exceeded 1.3 million metric tons in 1927. During the slump years it declined below the million mark; but at present production is again at about the record level.

There are two chief sources of manganese supply in Soviet Russia, the Tschiaturi and Nikopol deposits. The Tschiaturi mine (on the south side of the Caucasus) still contains about 75 million tons of ore, while the ore reserve of Nikopol (Ukraine) is given as 65 million tons. Both mines have relatively good transport facilities. A direct railway connects Tschiaturi with the harbour of Poti, about 80 miles away on the Black Sea. Nikopol has a comparatively good connection (200 miles) to the harbour of Nicholaiev (Black Sea). While the Tschiaturi ore is almost entirely exported, Nikopol supplies chiefly the domestic market and some adjoining countries, e.g. Poland and Czechoslovakia. There have been reports in recent years of large manganese discoveries in other parts of Soviet Russia, but nothing has been heard of new important mines actually coming into production.

British India is still potentially the second largest manganese ore supplier in the world. Last year India's output of manganese actually ranked second. During the slump years, however, production declined to approximately 222,000 metric tons, which compares with the record output of 1,150,000 tons in 1927. In 1935, the Indian output must have been again in the vicinity of 700,000 tons. Exports from India in the year ended March 31, 1936, were 729,000 metric tons, against 460,000 tons a year ago. India has been producing manganese since 1893; but her rapid expansion only began after the discovery of the deposits in the Central Provinces in 1900. To-day the aggregate ore content of the Indian manganese deposits still exceeds 100 million metric tons; but the mines suffer one great disadvantage. They are very far from the sea. The mines of the Central Provinces are about 500 miles from Bombay, and not much less than 700 miles from Calcutta. Most of the smaller Indian mines, therefore, had to close down during the slump years; and the Indian Manganese Company, Ltd., formerly an important producer, has been unfavourably affected by prevailing conditions. In the last three years, however, the small port of Vizagapatam, which saves the leading producing company a railway haul of 185 miles, has been adequately developed. Moreover, transport facilities have been improved in other ways (by reductions in freight, construction of cable ways, etc.), so that the outlook now seems more favourable. Even the shipment of low-grade ore from India, which has been unremunerative in the past, is at present making good progress.

Outside these two old-established producing areas several new competitors have sprung up since the war. Of these regions the Gold Coast (British West Africa) and the Union of South Africa are far the most important. The Gold Coast started production in 1916; and in 1929 the colony supplied some 415,000 metric tons of high-grade manganese ore. Although output declined to a very low level during the slump years, it has since experienced a remarkable recovery; and at present production is running at a level similar to that of 1929. As the transport and loading facilities at Takoradi are quite favourable, and as West African ore is of high quality, the Gold Coast has every prospect of becoming a manganese ore supplier of increasing importance.

The South African mines (Postmasburg, Griqualand West) have, perhaps, an even brighter future. Up to the present, however, output has not reached an important level, though some fairly high annual production figures have been reported for 1930 and 1931—947,000 metric tons and 702,000 metric tons respectively. The reason for slow progress in South Africa in the past has been lack of concentration of the industry, and a certain scarcity of capital owing to low ore prices in recent years. The manganese industry of South Africa seems now on the eve of a brighter future. In the second half of last year the chief deposits of Postmasburg district were put under the control of a single company, known as the Associated Manganese Mines of South Africa, Ltd. Capital for large-scale development is available. Transport facilities are being afforded by the Union Government, which is providing special railway communication; and loading facilities already exist at the port of Durban. The South African manganese industry is likely, therefore, to come into prominence this year or next.

These four sources of supply are likely to dominate the world manganese market of the future. There are one or two more producing countries of some importance, e.g. Egypt (whose record production was 791,000 metric tons in 1929) and Brazil (with a record of 360,000 metric tons of low-grade ore in 1928). In all these cases, however, possibilities of further expansion are rather restricted, or the output is maintained only for military reasons.

Military considerations naturally play a great rôle in manganese production; but apart from Soviet Russia and the British Empire (India, West Africa and South Africa) none of the world Powers has adequate manganese ore deposits. The United States (through the U.S. Steel Corporation) have endeavoured to develop production in Brazil and Cuba. In spite of large tariff concessions, however, production is still, in the main, unremunerative. France is trying to develop production in Morocco. She has so far, however, met with little success. France is, therefore, like Germany—who produces some low-grade ore within her own frontiers—and Japan, more or less dependent on Russian and Indian ore.

No figures of the world's manganese ore consumption are available. As the metal and its compounds are only of minor use outside the iron and steel industry—flux for the removal of iron colours in the glass industry, as pigment, for the production of chlorine in the chemical industry and as basis for several medicaments—the trend of manganese consumption can be measured only from the world's steel output. The spectacular rise in the manganese ore purchases of the three leading importing countries in the last three years can be seen from the following table:—

Into	MANGANESE ORE IMPORTS (Metric Tons)				
	1929	1932	1933	1934	1935
United Kingdom	282,921	75,173	116,959	197,817	222,681
United States	350,946	66,192	98,031	205,330	233,691
Germany	390,282	106,779	131,926	224,745	394,256

It is only natural that these fluctuations in demand for manganese ore have had a great influence on prices of manganese. A good 50-per-cent. ore was quoted at 1s. 1d. to 1s. 3d. per unit (i.e. 1 per cent. of metal per ton of ore) in 1929. By 1930 the price had fallen to 1s. per unit; in 1932 it oscillated around 9d.; early in 1934 the 10d. limit was reached again; and during the first nine months of 1935 approximately 11d. was paid. Since October last the price has been fairly steady around 1s. per unit.

The outlook for manganese ore prices is not entirely dependent on the present world-wide armaments boom, or on the peace-time requirements for steel, but also on the resultant changes in manganese production. Between 1927 and 1933, Soviet Russia has reduced prices to prevent development in new areas overseas. The rising armament demand and the jump in Russia's home consumption has set a limit to Russia's influence on world prices. Nevertheless, the Soviet Union continues to be an extremely efficient competitor; and as production in Africa and India is quite likely to show a considerable increase—the world output may even surpass its previous peak of 3.63 million metric tons (1927) during 1937 if only the present trend of consumption is maintained—there seems little prospect of much higher prices for manganese ore in the near future.

GERMANY'S RE-ARMAMENT II—ECONOMIC ASPECTS

(BY A CORRESPONDENT)

THE first article of this series described the methods which enabled a poor country like Germany, after a prolonged and devastating depression, to spend very large amounts on re-armament. Is it possible to continue this method of financing? And how long can Germany spend on such a scale? There is no agreement in Germany itself about these questions. Dr. Schacht, it is generally agreed, wishes to restrict public expenditure and to check the credit inflation which is undermining Germany's foreign trade and foreign exchange position. On the other hand, important Nazi circles led by Dr. Kepler, Hitler's economic adviser, and some members of the heavy industries group,

are determined to go on financing "employment creation" by further increasing short-term debts and inflating credit. They are, consequently, inclined to devalue as soon as possible in order to facilitate their expansionist policy.

Some economists think that the growing national debt, whether funded or unfunded, whether acknowledged or not, will put an end to the Government's borrowing, since the increasing interest burden will become unbearable and outrun the revenues that can reasonably be anticipated. But this theory overlooks the fact that actual interest payments have been greatly reduced by the more or less compulsory consolidation of the long-term debt from 7-8 per cent. before 1933 to 4½ per cent. in 1935. The total interest payment on debts in 1932 at an average rate of 8 per cent. did not exceed 8 per cent. of the total revenue. Even if we assume that it rises to 20 per cent. of the revenue, this percentage would be smaller than in many other countries, e.g. France, Italy, etc. During a time of continued expansion the revenue from taxes and duties increases, and that temporarily relieves the pressure of the higher debt burden. At any rate, the problem of the debt increase is not by any means as serious as that of the burden of financing the new Army.

To the psychological argument that continued State borrowing may lead to a widespread lack of confidence, and so prevent investment in Government bonds, many objections may be raised. Under a dictatorship, propaganda to a considerable extent directs public opinion. Even if general mistrust renders official propaganda ineffective, people can hardly escape from investing in Government securities, since all the outlets for capital are controlled by the Government and the export of capital is prohibited.

Another view is that the financing of re-armament continued credit expansion will soon lead to violent inflation. The method of finance adopted was originally regarded as only a temporary measure. For a long time it was counterbalanced by credit repayments made possible by increasing State orders. The volume of notes circulating also rose only slightly because wages were kept down. The upward movement of prices during the first two years of Nazi Government was thus caused less by credit inflation than by the price-raising policy of monopolies and cartels, particularly in agriculture. Later on in 1934, the higher prices of international raw materials and the difficulties of the clearing business affected the level of German wholesale prices.

The general credit situation likewise changed in 1935. The levy on industry for subsidising the export trade prevented industries from continuing to repay their credits to the banks and brought about some credit inflation. Secondly, important industries approaching full employment entered the stage of rising costs, and new demands for investment credit were made. The loans and advances of the banks began to rise. Additional short-term financing affected the price level more than in the earlier stages, and continuation of this policy would strengthen the tendency of prices to rise. This normal effect is only mitigated by the deliberate maintenance of wages (of unskilled labour) at a low level, by a system of Government-controlled system of prices, and finally by a deterioration in the quality of goods. Thus the official wholesale and retail price indices show but a moderate increase. But the gap between the German and the international price levels has widened continuously. The German authorities will need to do two things if they are to prevent themselves from sliding into a real inflation: to reduce the tempo of re-armament and re-employment and to skim off all the available savings for consolidation purposes.

Though supported by the Army and some industrialists, Dr. Schacht's restrictive policy is opposed by a section of industry and by Nazi Party circles, who argue that the greater the disparity between purchasing power inside and outside Germany becomes, the more the mark should be devalued. Devaluation would immediately free Germany from the pressing export levy of Rm. 700 millions and allow her to go on with expansion. This view leads us to the third and most severe limit on domestic expansion—that set by the foreign trade and foreign exchange position. Practically the whole of Germany's foreign trade is carried on under clearing agreements. Hence the amount of available foreign exchange left over after urgently

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needed raw materials have been paid for is very small. Germany can freely dispose of only a few millions of marks of foreign exchange per month. This small sum has been further reduced since April, when the credit repayments by Russia, resulting from former business transactions, were liquidated. It was the object of Dr. Schacht's "New Plan" to equalise imports and exports, and this goal was almost attained, at the expense of stabilising imports at a very low level, of ponderous bureaucratic developments and of important changes in the structure of foreign trade. Even now this equilibrium is not proving very stable. "A rise of only 1 per cent. in raw material prices"—the German Institut für Konjunkturforschung remarks—"would mean an increase in expenditure in foreign exchange of about Rm. 3 millions per month for imports."

Receiving only small amounts of free foreign exchange and possessing only about Rm. 100 millions in gold, the Reichsbank cannot readily take the risk of devaluation. Even if it does, Germany cannot easily loosen her control of the foreign exchanges, since a heavy outflow of capital would begin immediately. Moreover, she would have to pay more for her imports without receiving more foreign exchange from her exports. For new outlets for export goods would open only gradually, and any possible increase has partly been anticipated by the current system of export subsidies. Finally, the psychological repercussions on general business confidence and on the behaviour of the great number of small savers should not be overlooked. The public would be very much disappointed if the Chancellor and Dr. Schacht broke their pledged word.

The dilemma seems to be complete and the way out will not be very easy to find. After steady efforts to expand the production of agricultural goods and raw materials at home, imports cannot be greatly reduced as long as re-armament continues on the present scale. Certainly every effort will be made to stimulate exports. But an increase in the export levy may be no more than sufficient to maintain the present export level. For every increase of the levy means an increase of production costs and tends to accelerate the undesirable upward movement of prices. There remains the possibility of stopping all interest and amortisation payments on the foreign debt. But at the present juncture such an action would not be very well suited to the international situation or to German foreign policy.

No conceivable internal measure can serve to extricate Germany from her precarious position. That does not mean that her business life is going to break down in the near future. Emergency measures may tide things over during the next few months. For instance, Germany's efforts to extend commercial intercourse with different countries will certainly reduce the present pressure. The agreements reached with Poland and Yugoslavia and the results of Dr. Schacht's tour to South-East Europe are significant examples of such measures. Germany will at least be able

to continue her policy of re-armament for some time if she succeeds in maintaining the present level of foreign trade and covering her losses of foreign exchange. But she cannot return to peace-time business without financial assistance from abroad—especially in the event of devaluation.

JUGGERNAUT

THE paucity of industrial statistics in this country is a standing reproach to the trade organisations of British industry. To this generalisation, however, there are some shining exceptions. The statistical service of the Society of Motor Manufacturers and Traders is one of these, and the appearance of their annual volume* presents an opportunity of paying tribute to the enterprise shown in bringing together information bearing upon the development of the greatest of the post-war industries.

The 1936 volume contains a number of interesting innovations, such as a chart showing the changes in popularity of the different horse-power classes in the last ten years, and a table of the exports of motor vehicles by the five chief producing countries to a number of the more important markets (from which, incidentally, a striking impression of the growth of German exports can be gained). But the chief interest in the volume lies in the continuation of the old series and in particular of the figures of motor vehicles on the road. The total number of motor vehicles in use (excluding motor cycles) at the September census exceeded 2,000,000 for the first time last year. The exact figure was 2,070,715, which was 10 per cent. more than in 1934, 32 per cent. more than in 1930 and 92 per cent. more than the figure in 1926, just nine years earlier. It may be added that the registration figures for the first half of 1936 show that this rate of increase is being substantially maintained.

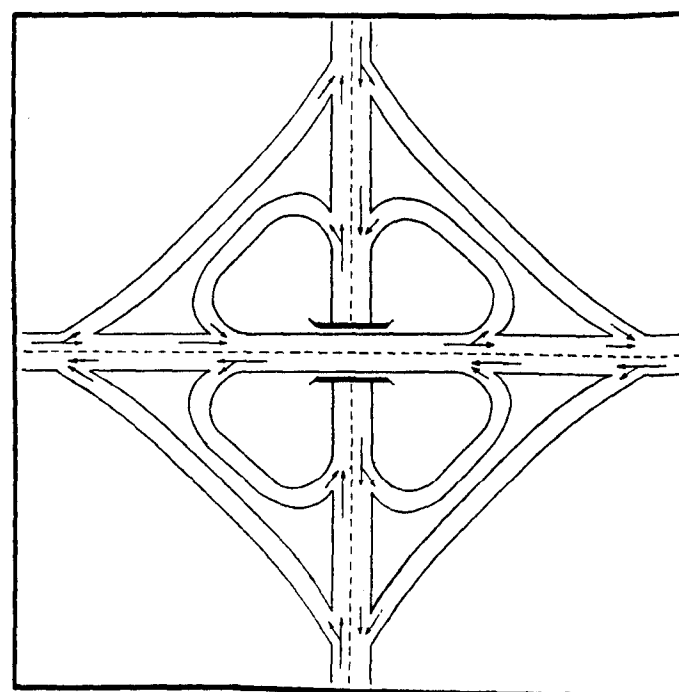
Even this phenomenal rate of growth is eclipsed if we take the figures of private cars alone. The 1935 total was 1,505,019, which was 13 per cent. greater than 1934, 40 per cent. greater than in 1930, and as much as 117 per cent. greater than in 1926. For any estimate of future numbers, moreover, the rate of growth of private cars is more significant than the figure for total vehicles, since the numbers of vehicles plying for hire are now strictly limited. Private cars already constitute three-quarters of the total and as the proportion is increased, the rate of growth of the whole will tend to approximate more closely to that of private cars.

If the experience of the past decade is repeated, then we shall have at least twice as many motor vehicles on the roads in 1946 as we have to-day. But will that experience be repeated? Prophecy, of course, is idle, but it is at least significant that the development of the motor car in Great Britain has hitherto been very similar—with a time-lag of fifteen to twenty years—to that of the United States. It may therefore be worth while to examine the present position in that country.

The total number of motor vehicles registered in the United States in 1935 was 26,167,107. This represents one vehicle for every 4.79 inhabitants of the country. In Great Britain there is one vehicle to every 22.4 inhabitants. It would be carrying the argument too far to divide the one figure by the other and declare bluntly that British cars will increase nearly fivefold. The average American income, in normal times, is higher than the British. But it has not been any higher in recent years, on the showing of American official estimates. The larger market enables the American manufacturer to give maximum value for money, but the cheapest American car is no cheaper than the cheapest British car. The exact ratio may be inapplicable, but the American figures very strongly suggest that a public with the purchasing power of the British can afford many more cars than we have at present. There is nothing in

the level of incomes to prevent a continuation of the increase.

Comparison between Britain and America cannot, however, be made without consideration of the enormous difference in the area of the two countries. We may have fewer cars, but more congestion, than the Americans; and there is ground for believing that this is, in fact, the case. Definitions of a "road" or "highway" may vary very widely in different countries, but taking the statistics as they stand, there appear to be 8.7 motor vehicles for every mile of road in the United States and 14.5 vehicles per mile in Great Britain. The accuracy of this comparison is startlingly confirmed by an examination of the accident statistics. The total of fatal road accidents in the United States is very much greater, both absolutely and relatively to total population, than in this country. But when the number of deaths is related to the number of vehicles on the roads, we get the amazing result that there were 13.8 deaths per 10,000 vehicles (in 1934) in the United States, but 30.5 (in 1935) in Great Britain. As these figures refer to deaths only, they avoid the difficulty of defining what constitutes a non-fatal "accident."



PLAN OF CLOVER-LEAF CROSSING

Will increasing congestion in Great Britain put an early end to the increase in motor traffic? The American figures once more suggest an answer. The States of New York and Pennsylvania are together almost exactly equal in area to Great Britain. Their population is less than half that of Great Britain, but they have almost twice as many motor vehicles (4,100,246 to 2,070,715). These two States have 23.7 vehicles per mile of road to Great Britain's 14.5. Unfortunately, roads are measured only in length. If it were possible to bring *width* into the calculation, congestion in Great Britain might more nearly approach that of these populous Eastern States. The American figures would seem to show, however, that neither lack of means nor congestion of the roads is likely to prevent a continuance, for some years at least, of the present rate of increase in traffic on the roads. We must contemplate at least the possibility of a doubling of our traffic by 1946.

This statistical discussion reveals a public problem of the greatest magnitude. It is hardly practical politics to limit the number of cars. The difficulty of deciding who should and who should not be allowed to possess a car would alone rule it out of court. Motorists already form so substantial an electorate that an increase in taxation sufficient to limit the increase can, probably, be ruled out also. But how can we possibly accommodate twice as many cars on our present roads? The answer, apparent to anyone who has driven a car in this holiday week, is that we cannot. If the roads are left substantially as they are, the traffic problem will be insoluble in ten years' time.

If our roads were already perfect, there might be cause for despair; but they are far from perfection. Road

surfaces in Great Britain are, in general, better than anywhere else in the world. But in straightness, in freedom from obstruction, and, above all, in width, British highways are already inadequate. It would be reasonable to expect that the country with the highest average traffic density in the world would be foremost in its efforts for road improvement, but, in fact, we are lagging behind. Judged by the standard of recent construction in Germany and Italy, as well as in the United States, we have not a mile of modern road in the country. Some of the recent by-passes have been constructed with dual carriage-ways and with adequate width, either already surfaced or available for surfacing. But we have no single example of the "clover-leaf" type of road junction (illustrated in the diagram opposite), which is being widely adopted in the United States to permit of a continuous flow of traffic in all directions. Our main roads, again, having been widened and by-passed in the country, degenerate into narrow streets, cluttered with slow-moving horse traffic and indiscriminately-parked vehicles, as soon as they enter a city.

NOTES OF THE WEEK

The Balance of Power in the Mediterranean.—The pre-war balance of power in the Mediterranean, which was scarcely disturbed by the world-shaking upheaval of 1914-18, has, since the restoration of peace, been shifting at a pace that is now *accelerando*. On the technical side, there has been "the annihilation of distance," particularly in the air. On the political side, there is the increase in the stature of Italy and the crumbling of Spain. Since Wellington pushed the French back over the Pyrenees in 1814, Spain has been *de facto* neutralised; and the assignment to Spain of what is now the Spanish zone in Morocco was designed to place both sides of the Straits of Gibraltar (save for the Rock itself) in neutral keeping, on the analogy of the narrow seas between the North Sea and the Baltic, which are flanked by the neutral Danish and Swedish coasts. The old convenient neutral Spain may now be dissolving into temporary chaos out of which we may expect to see some extreme partisan regime emerge. This may be of the Left or of the Right; but in either case it may prove unable to maintain itself except by leaning for support upon some ambitious foreign Power of its own colour—whichever lurid colour that may be. If this were to happen, it would have a profound effect upon the Mediterranean balance, and particularly upon the Mediterranean power of the British Empire. The present desultory and incompetent fighting between the contending Spanish forces in the air, on the sea, and on the land above and around Gibraltar, rubs in the truth that if either Andalusia or Spanish Morocco or both of them were to fall under the control of a first-class military Power other than the British Empire itself, then that Power would be mistress of the Straits—even though the Union Jack might still be flying over Gibraltar itself. The British fortresses at crucial points on the sea route through the Mediterranean and Red Sea—Aden and Malta, as well as Gibraltar—are all laid out on an old-fashioned miniature scale which has now been rendered obsolete by the invention of aircraft and long-range artillery. While a Power commanding Spanish Morocco (with or without Andalusia as well) could draw Gibraltar's teeth, Aden could likewise have its guns spiked by a Power ensconced in Ethiopia (all the more so with the help of an Italo-Phil Yemen). As for Malta, an Italian air-arm and navy with Libya as well as Sicily at their disposal are perhaps already in command of the passage between the Western Mediterranean and the Levant. England's present sea power in the Mediterranean is founded upon the break-up of the ancient Spanish Empire in the West Mediterranean basin at the beginning of the eighteenth century. A break-up of the modern Spanish republic might offer Signor Mussolini a sporting chance of making a successful grab at the Mediterranean prong of Britannia's trident.

The Government's reply to the advocates of a public works programme has always been that worth-while works could not be found in sufficient volume. Here is a type of public works which will rapidly become imperatively necessary. If it is to be done properly it will cost a great deal of money, but it has the merit of assisting an increase in revenue from motor taxation. The motorist now contributes over £70 millions a year to the national Exchequer alone. If the number of vehicles doubles in ten years, and other things remain equal, his contribution will be £140 millions by 1946. The capitalised value of the increase alone would provide funds for a substantial programme of road development. Perhaps it is not too optimistic to hope that the recent assumption by the State of complete responsibility for some of the more important trunk roads of the country will be followed by the initiation of such a programme. Something of the sort will have to be done, and done quickly, if the country is not to suffer in a very few years' time from a hardening of its traffic arteries.

The Five-Power Conference to Meet.—By the end of last week, both Germany and Italy had accepted the Anglo-Franco-Belgian invitation to take part in a conference between all five Locarno Powers in September. Neither of the two Central Powers has made its acceptance subject to any conditions except that there must be a thorough preparation for it through the ordinary diplomatic channels. Italy's acceptance is only "in principle"; and, in the light of the latest Italian precedent, this qualification may seem ominous; for, in April, 1935, Signor Mussolini acceded "in principle" to the League's demand that he should enter into peace negotiations with Abyssinia. To-day, as in the years 1911-15, Germany on the one hand, and the Western Powers and Russia on the other, are angling in competition for Italy's support. Thus, when faced, owing to Italy's acceptance, with a choice which he would perhaps rather have been spared, Herr Hitler has chosen to keep company with Italy rather than insist on his policy of conducting his negotiations with foreign Powers *tête-à-tête* and eschewing the method of round table conferences. The same anxiety not to drive Italy into the Western Powers' arms doubtless also accounts for the omission, from the German terms of acceptance, of any attempt to stipulate that the Five-Power Conference shall be a one-act play rather than the overture to a later and larger gathering, in which the countries of Eastern Europe will be represented, as well as those of the Centre and the West. This is, of course, the framework in which the project for the Five-Power Conference was set in the three-Power London *communiqué* of the week before last; and the prospect of a Pan-European conference, including Russia, is known to be very much more distasteful to Herr Hitler than that of a Locarno meeting. In the diplomatic preparation that is now to begin, it is certain that Germany will do her utmost, behind the scenes, to torpedo the larger conference and thus keep a free hand in Central Europe for the execution of whatever designs Herr Hitler may have there. This, however, will be delicate ground for German diplomacy to tread, because this is precisely the ground on which Italy's interests coincide, not with Germany's, but with the Western Powers'.

* * *

Another Dictatorship.—Last November the long and bloody feud between Monarchists and Veniselist Republicans in Greece ended with the return of ex-King George to the Greek throne. There were not a few foreign observers at that time who feared that the return of a monarch, behind the bayonets of the Army, would in effect mean the end of those democratic institutions which normally accompany Republican Government and a limited monarchy. That is what has happened this week. In the last few

* "The Motor Industry of Great Britain," 1936 Edition. Published by the Society of Motor Manufacturers and Traders, Ltd., 83 Pall Mall, London, S.W.1. 168 pages.

months death has removed M. Veniselos, General Kondylis, Professor Demerdjis and M. Tsaldaris from the Greek scene, leaving General Metaxas, the Monarchist leader against the Veniselist revolt last year, as candidate for the always-vacant post of "strong man." Republican and democratic feelings have been goaded during recent months by the inability of Greek party leaders to co-operate on an agreed programme which would begin the crucial work of social and economic reconstruction under parliamentary and party government. The trade unions were understood to be calling a 24-hour general strike in protest against the apparent drift towards dictatorship. General Metaxas has now copied Signor Mussolini; he struck on Tuesday; and Greece thus finds that she has fetched a monarch home only in order to found a military dictatorship. Apparently the General did not find "a whiff of grape-shot" necessary. But although Greece certainly needs firm and resolute government, the advent of yet another military dictatorship in a nominal kingdom may prove as inauspicious for Greece as for Europe.

* * *

More Good News from Cairo.—It looks as though Sir Miles Lampson's recent visit to London had a decisive effect in turning the scales in the Anglo-Egyptian negotiations. The successful agreement on the military clauses of the draft Anglo-Egyptian treaty—which we were able to report last week—has now been followed, more quickly than had been expected, by the initialling of an agreed text of the Sudan clauses last Saturday. We may now venture, without undue temerity, to look forward to the completion in the near future of a text which, by now, has been on hand for fourteen years—or, perhaps we should say, for fifty-four years. For the Anglo-Egyptian problem really sprang into being on the morrow of the original British military occupation of Egypt, forty years before the British Government's unilateral declaration of 1922. It is in the light of this major success—an agreed settlement of an anomalous situation which has so long defied all attempts to settle it—that both parties will have to make their judgment of the details when they are published; and therefore these details would only be seen out of focus if they were published piecemeal in advance. On the assumption that the terms are such as to enable the Sudan chapter to serve as one of the pillars of the general Anglo-Egyptian settlement, it is possible to guess its character in broad outline. The Sudan is a backward country with a future which, in different ways, and perhaps also in different degrees, affects the interests of both parties to the present Anglo-Egyptian condominium over it. While, as in the case of other backward African countries which are either juridically or morally under a trusteeship, the interest of the local native population ought to be the first consideration in the shaping of policy, each of the two trustees for the Sudan is also entitled to demand that the long process of Sudanese education towards self-government shall not be given a turn which is likely to make the Sudan a bad neighbour, either for Egypt on the one hand, or for the British East African protectorates and colonies on the other. It will be surprising if the clauses initialled last week do not turn out to have fulfilled this general desideratum.

* * *

Coal Selling Schemes.—The terrible mine disaster near Barnsley on Thursday reminds us once again of the constant obligation under which the nation stands to improve the earnings and working conditions of the miners. The centralised selling schemes, which were promised by the mine-owners as part of the agreement reached with the miners last winter, came into force on August 1st. There are three different types. The complete centralisation scheme, of the type successfully worked by the Lancashire district since a year ago, has been adopted by Shropshire, South Staffordshire and the Forest of Dean. Under this kind of scheme an executive district board, appointed by the mine-owners in the district, appoints a selling committee, which buys all the mine-owners' coal, with certain small exceptions. The committee fixes minimum prices and conditions of sale, sells the coal itself, and pays the owners in proportion to their quotas, with the usual system of deficiency payments

and fines. In South Wales, Scotland, Cumberland, Cannock Chase, Northumberland, Durham, North Wales, North Staffordshire, Warwickshire, Kent, on the other hand, much less thorough schemes have been adopted. In most of these areas a sales committee has been set up which merely approves the price, tonnage, etc., of coal sold by individual producers. Thirdly, in the Midlands a scheme midway between these two has been organised. The owners are to form "groups," with a maximum of nine groups in South Yorkshire, eight in Derby and Notts, four in West Yorkshire and one each in Leicestershire and South Derby. Each of these groups has a co-operative agency on the lines of the Lancashire scheme, and there is a committee to co-ordinate the work of the groups. The schemes as a whole appear to fulfil the conditions laid down by the Minister during the spring; though they do not altogether come up to the expectations of such independent reports on the industry as, for instance, the recent PEP report. That report urged strongly that schemes of a less thorough kind than the Lancashire scheme "would not in any way improve the average sales efficiency of the industry." Moreover, the selling schemes are only half of the public's bargain with the coal industry; and they are the half which benefits the owners. The other half, the amalgamation schemes, are in the same limbo of suspended animation as the Government's ill-fated Coal-mines Bill.

* * *

Railway Wages.—Some 400,000 railway workers are affected by the award of the Railway Staff National Tribunal replacing the present deduction of 2½ per cent. from all earnings by one of 1¼ per cent., and restoring time-and-a-quarter rates for overtime in place of the existing time-and-an-eighth. Under the agreement of February, 1935, the Tribunal replaced the National Wages Board as the ultimate point of contact between the railways, the unions and the public. Its initial award should commend itself to the companies, for it will cost them little more during the present year than their previous offer, which, but for its refusal by the men, would have come into effect on July 1st. The recommendations, however, may have a stormier passage at the special delegate conference of the National Union of Railwaymen which has been called for next Tuesday. The delegates have been well on the left of their executive in recent negotiations, and a settlement which retains the *status quo* for night duty and Sunday working may arouse little enthusiasm. But the maintenance of the authority of a Tribunal whose creation, out of the shattered fragments of the earlier conciliation machinery, was a work of infinite difficulty and delicacy, is worth more to the unions than any immediate uncovenanted wages benefit. And the post-war record of railway negotiations suggests that everything, in fact, comes to those who wait. The Tribunal's finding explicitly recognises that recent increased railway traffics "represent a real improvement"; that rating relief is worth about £2 millions to the railways this year; and that "the case for returning to the standard rates [of wages] becomes stronger with time." On the other hand, railway stockholders are still receiving an average return of only 3.08 per cent. against 3.66 per cent. in 1930—their "cut" thus being nearly 16 per cent. The Tribunal meet the possible criticisms, from the men's side, that these figures are based on "watered capital" by using totals "received in actual cash," which, they point out, are almost exactly equal to the nominal capital. The award thus, by implication, lays down the principle of equitable distribution of the net profit of railway enterprise between labour and capital. But it refuses to recognise that junior stockholders have special claims merely because they may be dividendless at the moment. The criterion, in the Tribunal's view, must be the return on railway capital as a whole—debenture, preference and ordinary. In practice, everything will depend on the proportions in which future "recovery" is shared, and the Tribunal—probably with wisdom—refrains from any expression of view on this point.

* * *

Public and Private Interest.—On Thursday a White Paper (Cmd. 5254) and a Minute by the Prime Minister were published which came as a surprise and a shock to the public. The White Paper contained a Report by a Board

of Inquiry appointed on July 3rd by the Prime Minister to investigate "certain discussions engaged in by the Permanent Secretary to the Air Ministry, Sir Christopher Bullock"; and the Prime Minister, in his Minute accepting the Report, announced that Sir Christopher would be dismissed the Service. From the Report it appears that Sir Christopher, who "had constantly in mind the question of leaving the Civil Service and entering upon a career in the world of commerce and business," on several occasions sought the advice of Sir Eric Geddes, chairman of Imperial Airways, on Sir Christopher's future career, although the Ministry and the company were at the time engaged in negotiating over the conveyance of Empire mails on Government subsidy. In interviews in June and September, 1934, Sir Christopher discussed, successively, the bestowal of an honour on Sir Eric and the new Imperial Airways Empire mail agreement. In these interviews and in discussions with the managing director of Imperial Airways, in June of this year, Sir Christopher clearly stated that he would like to become either chairman of Imperial Airways in succession to Sir Eric or one of the two Government directors. The Report says:—

"While we are not criticising his desire to link his future with that Company, we think that the special and intimate relations subsisting at all times between the Air Ministry and the Company made it intrinsically improper for him, in any circumstances, to initiate conversations with its Chairman or any other representative of the Company in furtherance of that desire. . . . At a period when a contract of first-class importance was in course of negotiation between the Air Ministry and the Company it was especially necessary to avoid the obtrusion of matters affecting private and personal interests. . . ."

It is to be regretted that so eminent a civil servant, after a meteorically brilliant career, should have placed himself in a position to which the Government Circular of March, 1928, could apply: "A civil servant must not subordinate his duty to his private interests; but neither is he to put himself in a position where his duty and his interests conflict." Civil servants have, in the past, frequently chosen to take up senior positions in commerce and industry, and Sir Christopher, in a personal statement, has explained that he viewed Imperial Airways as a semi-public rather than a purely commercial concern. Nevertheless, the Prime Minister's decision, though severe, is salutary. It is in the public interest that the highest civil servants shall avoid taking the initiative in any endeavour to secure non-Governmental posts for which public opinion, rightly or wrongly, may regard their official knowledge as being an important qualification.

* * *

Two New Reserves.—Two Government statements just before Parliament adjourned last week are disquieting. On the Tuesday, the Minister for War, Mr Duff Cooper, announced that he proposed to create a new infantry section of the Supplementary Reserve, with an initial establishment of 17,000. Enlistment would be for general service in the infantry for six years with an option of re-engagement for a further period of four years, and would be open to unmarried men of ages between 17 and 25. These men would be trained with Regular Army units for 26 weeks in their first year and for an annual 14 days thereafter. This proposal may be the outcome of a long series of disappointing recruiting results, both for the Regular and Territorial Armies; though recent recruiting figures have made a slightly better showing. On Thursday, Lord Swinton, Minister for Air, announced in the Lords that the King had approved the creation of a new Reserve called the Royal Air Force Reserve, to which recruitment would only be open to men engaged in civil life. Although R.A.F. recruiting has always been satisfactory, it appears that the formation of a *cadre* of Reserve pilots is "most urgent," and that 800 pilots will be required every year for the new Volunteer Reserve. It was stated that the expansion of R.A.F. first-line strength necessitates this step. Again, entrants must be between 17 and 25; and the units are to be based near the big centres of population; but the recruits to this new Reserve will be able to train in their spare time, with 14 days' annual training. Here are two more straws in the wind which the pace of the Government's re-armament programme has created. We may not

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know whither it goeth; but we can all form a fairly shrewd idea. It all sounds uncomfortably like the frenzied preparations and expedients which preceded 1914.

* * *

"Nature's Remedy."—Once again, as in 1934, Nature has confounded the best-laid restriction schemes of men. Ever since the bumper cereal harvests of 1928-29, the countries which normally produce cereals for export have been compelled to "carry over" hundreds of millions of bushels of wheat from one crop year to another. As the Chief Economic Adviser to His Majesty's Government, Sir Frederick Leith-Ross, pointed out in a Memorandum to the League of Nations, this result has been due to at least three causes: the extension of cereal cultivation in the war and its maintenance thereafter (e.g. in the United States); the protection of domestic cereal farmers by the normally importing States of the Old World (e.g. this country, Austria, Czechoslovakia, France); and the secular trend of demand at a higher standard of living away from cereals to meat, fish, fruits, vegetables, etc. The world's cereal producers for export found themselves obliged to try all manner of devices to restrict cultivation; and the world Wheat Agreement attempted to arrest the process of protectionism for cereal producers in the European importing States. A bad drought in 1934 reduced the world stocks of wheat available for export by roughly 50 per cent., from 600 million bushels to 300 odd millions at the beginning of the 1935-36 crop year. Wheat, which has been as low as 4.36s. per cwt., c.i.f. British ports, in September, 1931-32, had only risen by September of the current crop year (1935-36) to 5.00s., when Canada alone had a carry-over of 214 million bushels. Since then, however, summer in the Old World "has set in with its usual severity," and the corn has rotted in the ear; while in Canada and the United States from one-half to two-thirds of the wheat crop has been wiped out by a drought even more devastating than that of 1934. It is still doubtful how much of the carry-over from 1935-36 will be available for export to normally importing countries; it will certainly be very small. Owing to the almost complete failure of the American maize crop, the new wheat crop will be entirely used for domestic food and fodder. The U.S.A. will probably absorb all the Canadian reserve stocks. The price of wheat in this country had reached 8s. 0d. per cwt. by Thursday; the price of the quartern loaf had already gone up from 7½d. to 8d.; and, as a result of the price per sack of flour (including the 3s. of the levy to subsidise wheat farmers in this country) having risen to 38s. 6d., a further increase in the price of the loaf to 8½d. was threatened this week. The wheat price is now higher than at any time since 1930, the year after the initial "bumper crops" which ushered in the agrarian depression. There seems now no reason why the depredations of Nature—more ruthless than restriction schemes—should not take it even higher. In that case we may legitimately expect a "cut" in the wheat levy. The sudden and considerable rise in the price of bread weighs most heavily on the least well-to-do.

New Zealand's Experiment.—It is one of the advantages of democracy that a country can indulge in the luxury of a reformist Government during prosperity and return to the discipline of a conservative Government during depression. In New Zealand a Conservative National Government restored the financial position during the crisis of a few years ago, and a reformist Labour Government is now engaged in distributing the fruits of recovery. Already the new Government has raised Government wages, reduced hours, and guaranteed certain agricultural prices; and this week it introduced its first Budget. The Budget, which shows a small surplus, is an orthodox "recovery" one, enlivened with a dash of redistributive taxation. Some £470,000 additional expenditure necessary to restore salary "cuts," some £1,037,000 for public works not of a "self-supporting" kind, and £250,000 extra for defence, are all to be financed out of the natural increases from revenue accruing from recovery. A further £1,710,000 for extending old-age and invalid pensions, however, is to be provided by increases in income tax and land tax. Provided that recovery continues, as now seems probable, this modest increase in direct taxation should be able to be borne. It is proposed to spend £10,450,000 out of loans for self-supporting public works. Meanwhile the guaranteed prices for butter and cheese, now published by the Government, have evidently been fixed with great caution. They have even been criticised by Conservative speakers as ungenerously low! The success of the Labour Government's policy wholly depends, of course, on the maintenance of the price of New Zealand's exports. So long as world recovery keeps those prices from falling, New Zealand's new reformist experiment will continue to be prosecuted under the most favourable conditions.

Another Employment Record.—Employment on July 20th rose to 10,895,000, which was 63,000 more than a month before and 481,000 more than a year before. The total unemployed fell to 1,652,072, which was 50,604 less than a month before and 320,869 less than a year before. The industries which have benefited most from the improved conditions are clearly shown in the following table:—

	NUMBER OF INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN		
	July 22, 1935	June 22, 1936	July 20, 1936
Coal mining	293,839	274,229	234,187
Iron and steel manufacturing	40,191	28,219	28,469
Engineering	86,406	57,537	56,804
Metal goods manufacture	50,475	39,155	37,634
Shipbuilding and repairing	62,962	44,901	45,251
Electric cable, apparatus, lamps, etc.	10,254	10,014	8,655
Cotton	99,824	69,674	66,667
Tailoring	26,880	20,101	24,482
Boot and shoe	21,614	17,045	19,015
Building	133,805	104,256	111,772
Public works contracting	120,975	108,195	116,041
Road transport	34,668	29,800	28,529
Dock, harbour, etc., service	47,421	45,763	44,093
Shipping service	38,588	34,551	31,940
Hotel, boarding house service	49,341	51,083	46,991
Distributive trades	193,641	180,884	171,176

All persons registered 1,972,941 1,702,676 1,652,072
The rise in total employment between June and July was exaggerated by the fact that a demonstration of Yorkshire miners took place on the day of the June count. But there has been a continuous series of six monthly increases; and since January the total number employed has risen from 10,349,000 to 10,895,000, a rise of 546,000 persons. Since the low point of January, 1933, there has been an increase of 1,630,000. The present figure of 1,652,072 unemployed is the best for six years, and is likely to be the record for the year, since the seasonal increase usually begins after July. Indeed, a total figure of 1,652,072 represents unemployment of no more than the "normal minimum" in the non-distressed area. "Cyclical unemployment," in fact, in the sense defined in our Survey of Britain's Economic Prospects (see the *Economist*, June 13th) is virtually non-existent.

Sterling and International Prices.—During the past fortnight there has been a further advance in British wholesale prices, and both the *Economist's* British index numbers have risen to a new high record since recovery began. The

complete index has risen by 0.9 per cent., and the primary products index by 1.4 per cent. These increases are less than those of the previous fortnight. Owing to the holidays, the latest Irving Fisher index number is not available, but it will almost certainly show a slight increase. There has been a sharp rise in the French wholesale price index number, amounting to 1.5 per cent. in a single week. Since the end of June French wholesale prices have risen by 4.5 per cent.:—

SEPTEMBER 25, 1931 = 100									
Date	<i>Economist</i> Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt		
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)						
1932 July 27th 1933	99.5	103.5	84.1	136.9	88.3	91.3	88.5	88.1	
July 28th 1934	108.1	120.6	124.7	145.7	100.9	80.7	86.2	86.6	
July 18th 1935	109.5	124.8	136.7	162.4	113.2	81.4	83.2	91.1	
Jan. 30th 1935	110.8	124.6	152.4	167.2	118.5	79.1	85.6	92.8	
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7	92.6	
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	98.2	93.9	
Oct. 23rd 1936	118.4	133.6	144.9	166.4	123.7	79.1	107.3	94.6	
Jan. 1st 1937	118.1	131.2	143.3	166.2	121.8	80.7	—	94.9	
Jan. 29th	118.1	131.7	145.7	165.6	121.8	82.3	—	95.1	
Feb. 26th	117.4	132.8	145.0	166.0	120.7	85.2	—	95.2	
Mar. 25th	117.4	133.9	144.3	165.8	119.6	85.2	—	95.3	
Apr. 29th	117.3	132.8	143.2	165.8	119.2	85.0	—	95.3	
May 27th	115.5	130.1	140.5	164.3	117.7	85.2	—	95.4	
June 10th	115.7	130.6	141.1	163.3	119.3	85.4	—	95.7	
June 24th	116.2	133.2	147.0	163.2	119.8	84.1	—	95.5	
July 8th	116.9	135.4	155.2	163.6	121.6	85.4	—	95.7	
July 22nd	118.7	140.4	157.2	163.4	120.6	86.6	—	95.7	
Aug. 5th	119.8	142.4	160.8	163.1	—	87.9*	—	—	

* These figures relate to July 29th.

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

"ECONOMIST" INDEX (1927 = 100)				
	Sept. 18, 1931	July 8, 1936	July 22, 1936	Aug. 5, 1936
Cereals and meat	64.5	72.9	74.5	77.5
Other foods	62.2	59.5	61.2	60.9
Textiles	43.7	59.9	61.0	61.9
Minerals	67.4	81.3	82.5	82.3
Miscellaneous	65.8	78.1	77.7	77.4
Complete index ..	60.4	70.6	71.7	72.4
1913 = 100	83.1	97.1	98.6	99.6
1924 = 100	52.2	61.0	61.9	62.5

Practically all prices moved upwards in the cereals and meat group, the increases in wheat, flour and maize being particularly marked. Among textiles, cotton prices tended to react, but there were increases in wool tops, flax, hemp and jute.

Australia's Trade Balance.—Cables from Canberra state that for the year ended June 30th last Australia had an active trade balance of £22.5 millions sterling in respect of trade in commodities and gold. This was rather better than the active balance of £16.2 millions sterling for 1934-35, but hardly up to the preceding three years. As the annual cost of the service of Australia's external debt amounts to about £29 millions, it appears that last year her final balance of payments left her with a deficit. The cable states that this has been covered by an influx of capital, but this can hardly be considered a recurrent item. Compared with 1934-35, exports of wool increased by nearly £10 millions, and there were also increases in the value of her wheat and gold exports. As her total export surplus has only risen by six millions sterling, it is clear that she must have been importing more. The general impression left by the returns is that Australia is living a little beyond her means, and has been fortunate in that she has been able to import capital during the past year. If imports of goods continue to expand, she may have some difficulty in building up her London funds, which, as we pointed out last April, have sunk below the level of recent years. On the whole her present position inspires a feeling of caution, but not of alarm.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE COURSE OF RECOVERY

JUNE commonly shows a seasonal recession, but this year it was negligible. The index of industrial production without seasonal adjustment fell one point, and with seasonal adjustment rose two points. The following table shows the course of these indices over the past year:—

	FEDERAL RESERVE BUSINESS INDICES (1923-5 = 100. Adjusted for Seasonal)			
	June, 1935	Dec., 1935	March, 1936	June, 1936
Industrial production	86	104	93	103
Manufactures	84	104	93	104
Minerals	98	101	95	99
Construction contracts (total) ..	30	67	47	48
Residential	24	26	26	36
All other	36	101	64	58
Factory employment	79.9	85.6	84.2	86.3
Factory payrolls	66.4	76.6	76.3	79.5
Freight car loadings	63	71	66	70
Department store sales	80	84	88	89

From these data one might infer that because the index of industrial production was a bit lower in June than in December there had been some retrogression in the past six months, or at least an absence of progress. This would be quite inexact; difficulties of allowing for the new seasonal in motor production exaggerated the December figure; while the concentration of W.P.A. contracts in December (to which the seasonal adjustment was applied) created an erroneous impression of non-residential building. The data show that manufacturing is almost 25 per cent. above a year ago, that residential building is about 50 per cent. higher, that factory employment is about 10 per cent. higher and factory payrolls about 20 per cent. higher.

The discrepancy between the movement of the production of manufactures and of minerals is so striking as to warrant elaboration.

INDICES OF MINERAL PRODUCTION

	June, 1935	Dec., 1935	March, 1936	June, 1936
Bituminous coal	79	77	70	75
Anthracite coal	97	71	48	66
Petroleum	133	146	146	146
Iron ore shipments	53	—	—	80*
Zinc	79	84	85	103
Silver	47	68	90	91*
Lead	55	70	59	75*

* May figure.

It will be noted that the sluggishness of the index is traceable to coal. Petroleum, and more especially the metals, have shown an increase on the average much bigger than the increase in the index of manufacturing. The increase in manufacturing, in turn, when broken into its components shows distinctly the same influences as have affected the metals:—

INDICES OF MANUFACTURING INDUSTRIES

	June, 1935	Dec., 1935	March, 1936	June, 1936
Iron and steel	66	103	83	113
Textiles	100	111	100	107
Food products	74	83	87	88
Automobiles	99	126	109	119
Leather and shoes	104	124	105	104
Cement	58	59	58	74*
Tobacco	138	147	140	147

* May figure.

The largest increases have been in the groups representing the so-called durable goods industries—iron and steel and cement; and among the minerals, the metals. Among the consumers' quasi-durable goods, it will be remarked that demand for automobiles preceded the demand for houses, but that in the past twelve months, while the demand for motor-cars has advanced practically to the record levels of 1929, the index of residential building has risen more in percentage, although it is still far below the average of the 'twenties.



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So far as industrial production is concerned, the data show that the United States economy has reached a level which justifies the descriptive term "prosperity." In the decade since the base period the population has increased by something over 10 millions, and some allowance should be made for this in using the indices as a yardstick. None the less, there is still something to be explained in the fact that the index of manufactures is 104 and the index of factory employment is 86. The usual answer is, of course, technological unemployment, or its counterpart, the increased productivity of labour. Nevertheless, there is a considerable agreement on two non-statistical facts: (1) that a number of new demands for labour have developed, and (2) that unemployment distress as measured by the relief rolls is not so much an industrial as a non-industrial phenomenon.

THE DROUGHT AND THE BONUS

Two factors began to affect the United States economy toward the close of the second quarter of this year, each of which has an uncertain bearing on the course of the last half of the year—the drought and the Bonus. The drought is a major meteorological phenomenon, following a succession of droughts, of which the worst was 1934. The drought of 1936, although lacking the spectacular features of the 1934 drought, appears to cover more territory, affect more crops and more individual farmers, and probably to represent a greater deficiency of rainfall. The effect of shortages on farm income may be compensated by price; but the repercussions of the disaster extend far beyond its initial point of incidence.

An influence in the opposite direction is the Bonus. Already above \$1,000 millions of the Bonus bonds have been converted into cash, presumably for immediate spending. As yet this has produced no clearly identifiable consequences—possibly because the payment was more or less anticipated in May or June. Altogether the second quarter was better than the first, and falsified predictions by showing no seasonal recession. July, traditionally dull, has maintained approximately the level of the preceding three months.

NEW YORK, August 1.

FRANCE

AN INCREASE IN COAL PRODUCTION

TOTAL production of coal during the first six months of 1936 was 23,670,000 tons, against 23,426,000 tons in 1935. Production of metallurgical coke was 2,000,000 tons, against 1,966,000 tons in 1935. The internal consumption was 500,000 tons higher than in 1935. The first half of 1936 thus shows progress in comparison with the same period of 1935, which had registered a fall of 2,400,000 tons in consumption and 1,250,000 tons in production. Stocks, which increased by 400,000 tons in the first six months of 1935, diminished by 85,000 tons in the same period of 1936. Exports, however, were 36,000 tons lower. The import

price of foreign coal showed a new fall at 90.78 francs a ton, against 93.62 francs in the same period of 1935.

The recovery of French production would have been greater without the strikes in June; during that month the coal mines produced 3,480,000 tons only in 25 working days, against 3,921,000 tons in May in 24 working days, and 3,725,000 tons in June, 1935, in 24 working days. The average daily production was thus diminished from 163,377 tons to 139,275 tons, against 155,207 tons in June, 1935. Consumption was 5,138,000 tons in June, against 5,711,000 tons in May and 6,027,000 tons in April.

Wages in coal mining represent 65 to 70 per cent. of costs. The French coal mines will thus be particularly affected by the new social charges. The total of wages will be nearly 16½ per cent. higher than in 1935. But the Government is not authorising an increase of the price of coal of more than 9 francs per ton. This explains the Coal Mines Bill, which has been already voted by the Chamber by 400 votes against 170. The Rapporteur of this Bill in the Chamber stated that French coal production was 47 million tons and consumption 67 million tons. The surplus was imported. But foreign coal was much cheaper than French; at the beginning of 1936 the price per ton was 80 francs in France, 52 francs in Great Britain, 60 francs in Germany, and 47 francs in Belgium.

The Coal Mines Bill stipulates that the Minister who has the mines under his authority will have to fix the price of coal by categories and by districts. The determination of this price will necessitate the communication by the companies of their accounts. Moreover, the companies, the importers and merchants will be requested to form among themselves a central organisation for buying, selling and clearing operations. The clearing system will be designed to aid the small companies. They will be subsidised out of the proceeds of the tax on imports of foreign coal, which was increased on July 1st from 4 francs to 15 francs a ton for industrial coal and from 5 to 20 francs for domestic coal.

Such is the Bill voted by the Chamber. A special clause stipulates also that 40 per cent. of foreign coal should be transported by French shipping. It does not seem that the Government proposes for the time to impose a new tightening of the import quota. But the Chamber was visibly impressed by the figure of 27,000 million gold francs which France has had to pay in the last ten years for the import of foreign coal.

The Chamber has also voted a stipulation that banks and other companies should declare the foreign assets they have held since January 1, 1935, for their own account or for the account of their customers. This will enable the agents of the State to verify the authenticity of the declarations which the recent law affecting foreign holdings obliges private persons to make. Such a decision marks a new step in the progress towards controlling capitalists. This policy of planning and autarky must certainly be considered a merely provisional move in a democratic country whose income partly springs from international activities; and the recent declarations of M. Labeyrie, the new Governor of the Bank of France, that there must be an international monetary agreement, with an "alignment" of currencies, show that the present Government has not abandoned its international outlook.

PARIS, August 6.

GERMANY

FOREIGN POLICY AND THE PRESS

BARON VON NEURATH's remark to the British and French Ambassadors that the programme of the Five Power Conference needs careful diplomatic preparation is regarded here as Berlin's most significant reaction to the invitation to participate. An unconditional refusal of the invitation was never considered possible. No further overtly official views have been published, though it is naturally considered that German diplomatic preparation will aim at narrowing as much as possible the scope of discussion. The Press has dealt with the matter in that sense, and also with other connected matters, including Anglo-Italian relations, the new Anglo-Russian naval and business agreement, the likelihood of a formal Franco-Turkish support pact, and of

course the civil war in Spain. This is indeed the chief immediate interest. Finally, the League of Nations is being discussed with edifying frankness.

Such Press activity always reveals the interests of the German Foreign Office or of the Nazi Party. The newspapers are daily told, through the Ministry of Propaganda, what they are to suppress, what they are to reveal and what comments they are to make. This system, which for official Germany has obvious advantages in that it can push interests and direct sympathies without formally committing itself, has serious disadvantages for the reader, who is expected to approve of judgments the factual basis of which is distorted or even entirely withheld. The suppression of undesired news has gone so far that an important Anglo-German topic which filled columns of the English newspapers was not mentioned in the German at all. In the Berlin Press the recent Nazi demonstration in Vienna, being undesirable news because it would weaken the good impression created by the Austro-German agreement, was described as entirely the work of Left-wing agents provocateurs. The Spanish civil war is being treated in the same misleading way—as a conflict between a party of "national regeneration" and a mere mob of assassins and incendiaries, among whom, the reader is told, German emigrants and Jews are the most prominent. German interest in Spain is very natural. It is not forgotten that the war of 1870 arose out of the question who should rule in Madrid. The German official Press campaign against the present Spanish Government is probably not due to any positive hope for a military dictatorship in Madrid. In view of the animosities between Europe's present dictatorships everywhere between Moscow and Rome such a result would promise no diplomatic gain. But the common basis of the dictatorships, that is, the extraordinary inertia and tameness since the war of the once aggressive industrial working class, seems threatened by the Spanish Government's resistance.

There is a new German antagonism to the League of Nations which is not consistent with approval of British policy. Thus the letter in *The Times* of August 1st from persons anxious to consummate a European settlement conveys, the Press affirms, merely "a plan to draw the historical course of European development once and for all into the same Geneva system which has so entirely, and to the derision of the world, failed." The chief offence of this letter, it seems, is the argument that there should be no separation in the matter of security deals between Western and Eastern Europe.

SKILLED LABOUR SHORTAGE

An increasing shortage of skilled labour is reported from some machine manufacturers, and also locally in the building industry. Lack of agricultural workers has, also locally, retarded harvesting. The wholesale prices index number for July 29th shows a relatively big rise from 104.1 to 104.5, a consequence of rises in agricultural prices.

The references in the British Parliament to German construction of ships for British account attracted some attention. An official German report on shipbuilding published some months back complained that German cheap building for blocked-mark payment had the undesirable effect of renovating competing mercantile marines. The age of Germany's commercial fleet, which was relatively low at the end of the first post-war reconstruction period, has of late increased. A Hamburg despatch published in June shows that while Germany in 1928 had a smaller proportion of ships of the oldest class than before the war she has at present a much higher proportion. Also, the proportion of entirely new ships is to-day very low. The figures refer to ships actually in service:—

Age Class:—	1914	1928	1935
Under 1 year	%	%	%
1 to 3 years	5.5	4.6	0.7
3 to 10 years	13.1	7.9	1.1
Over 10 years	33.2	46.1	31.2
	48.2	41.4	67.0
	100	100	100

German tonnage is, of course, still young in comparison with that of those countries which carry on almost exclusively tramp services.

The money market and Bourse were closed on August 1st. Money rates became somewhat easier last week until the month-end demand supervened. The day loan rate early this week was 3-3½ per cent. The Reichsbank's return for July 31st shows the large increase of Rm. 544 millions in credits and investments, and as 23 per cent. of the June month-end credits remained unpaid, a considerable burden is carried into August. The total currency circulation is Rm. 6,448 millions, as against Rm. 5,948 millions at the same date of 1935.

BERLIN, August 4.

AUSTRIA

A CHECK TO RECOVERY?

In the last few months industrial production in Austria has slowed down. Only a few industries have been affected by this recession; but some unfavourable figures are now published at a time when, last year, a remarkable improvement was recorded. Thus, the index of production receded from 104 in April to 99 in May, whereas in May, 1935, it advanced from 90 to 94. This is the most unfavourable monthly figure since last October. The following figures on the development in individual branches of production are available:—

	May, 1935	June, 1935	May, 1936
Electric current output (mill. kwh.).....	92	87	90
Iron ore (tons).....	78,000	54,000	80,000
Crude iron, 1923-32 = 100	79	44	78
Crude steel, 1923-32 = 100	99	82	89
Rolled products, 1923-32 = 100	96	79	88

	May, 1935	April, 1936	May, 1936
Brown coal (tons)	214,000	208,000	199,000
Cotton yarn (1923-31 = 100)	154	162	145
Prepared timber (wagons).....	746	712	777
Cellulose (wagons)	2,320	2,187	2,059
Paper (wagons)	1,791	1,431	1,520
Cardboard (wagons)	508	449	582
Beer (1,000 hectolitres).....	233	269	245

There is thus no longer any uniformity in the progress of production. The recession in the iron and steel industry has been in progress since March, though returns are still considerably above last year's level.

In recent weeks, however, the setback in Austrian industry appears to have been checked, for unemployment continues to decline. In the middle of July the number of unemployed in receipt of relief in Austria was 224,000, against 236,000 in June, 322,000 in February and 228,000 in July, 1935.

There is one circumstance which must be borne in mind in estimating the industrial situation in Austria. Whenever improvement is recorded to a high degree, it is the result of an increase in exports or of public works, if not from defence expenditure. The sale of consumption goods, on the other hand, is on the decline. The index for the turnover of consumption goods receded from 82 in April to 78 in May, against 80 in May, 1935, while the returns for June from certain branches of industry show a further decline. In June the index of turnover in the clothing industry fell from 76 to 68 (against 80 in June, 1935); of that for footwear from 70 to 69 (74); and of that for household utensils from 67 to 63 (58). Only the index of turnover in foodstuffs stands at a somewhat better level, albeit a very low one in comparison with that of the prosperity period. Individual prosperity can only be traced in the new registrations of passenger automobiles, this being the outcome of the abolition last year of the automobile tax. Thus, in May, 846 passenger cars were newly registered, against 329 in May last year; that figure is the highest attained since 1930. Record business is reported from the biggest Austrian automobile factory, the Steyr works; and a further consequence is an increased sale of petrol.

Credit facilities are still among the most important and partially unsolved problems of Austrian financial policy. There is plenty of available money, and the nominal rates of interest are relatively low. The official discount rate is at 3½ per cent., official loan rates at 4 to 4½ per cent., and call money rates at 5 per cent. But only a very few privi-

leged firms can get credits on these conditions; and the commercial bill portfolio of the National Bank is estimated at 40 million schillings at most. Moreover, producers complain that they can obtain loans only at very high rates, and then with great difficulty.

VIENNA, August 1.

JUGOSLAVIA

NEW POLITICAL GROUPS

The tranquillity of Yugoslav relations with the Little Entente and the Balkan Entente has been demonstrated in the past two months by the visit of the Prince Regent to Bucharest, the Bled conversations, the Dardanelles negotiations, and even by the rumours of a possible Habsburg restoration. Internally the political situation turns on the forthcoming municipal elections, which, even with an open ballot, should give the best indication for some time of group strengths and national sentiment. Apart from the Government group, two others have now crystallised out of the old parties: the so-called United Opposition and the National Party. The United Opposition, consisting of various shades of Serbian Liberals and Agrarians, have made great efforts to induce the Croatian Peasant Party to go to the polls with them, and in spite of Dr. Machek's tactless declaration to the Paris *Populaire* emphasising their differences, it is thought that he may still throw in his lot with the Opposition even at the price of resigning Croatian Federalist claims.

The foreign trade figures for April and May were as follows:—

	1935				1936			
	Exports		Imports		Exports		Imports	
	Tons	Mill. dins.	Tons	Mill. dins.	Tons	Mill. dins.	Tons	Mill. dins.
April	324,600	368.2	95,100	325.4	190,500	269.0	82,600	326.0
May	316,400	297.2	105,400	369.0	206,900	220.0	78,700	324.2
Five mths.	372,000	1,464.0	132,900	1,532.0	411,000	1,708.0	865,000	1,337.0

Both the wheat and the maize harvests are good, in yield and quality, and a surplus of up to 50,000 trucks for export is forecast for each. After the lean year of 1935 good marketing of this year's crop is vital to the peasant, and the corn is being bought under Government supervision by the privileged export company in order to ensure the peasant a good price. Italy, in retaliation for sanctions, is buying from Hungary. Czechoslovakia, however, has undertaken to buy 10,000 truckloads from Yugoslavia, and Germany a similar amount, to be written off the clearing account. But the National Bank is anxious to secure foreign exchange from the harvest, and Yugoslav corn is being therefore directed in the main to Western European markets, where there are hopes of good prices owing to the small deliveries from America.

TRADE WITH SPAIN

The import restrictions, clearing difficulties and the loss of the Italian market, which absorbed over 50 per cent. of the Yugoslav exports of timber, eggs and cattle, are bringing about important changes in foreign trade. Spain, with which an agreement was concluded on May 15th, is regarded as a hopeful substitute for the Italian market; and mutual facilities have been granted affecting Spanish Mediterranean fruits, cotton yarn, rice, cork and resin, and Yugoslav timber and eggs. Negotiations for new commercial agreements are also expected in the autumn with Hungary, Poland, France and Great Britain.

Germany, Yugoslavia's greatest debtor under the clearing system, is finding in Yugoslavia a profitable market for her machinery and for iron and steel, railway and bridge-

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building and armaments goods. In the last two months her debt has been reduced from 22,250,000 marks to 20,300,000 marks. This, and the fact that coal and textiles and yarn come under the list of controlled imports, must mean a reduction of imports from Great Britain.

Following the reconstruction of the Zenica mines by Krupps, the French-owned Bor copper mines have just opened new refineries, which are to supply the needs of national electrification schemes and armaments. The Prime Minister declared on this occasion that these two steps were but the first in a new economic policy of building up the national metal industries, and were to be followed by reorganisation of the production of lead, zinc, cellulose and bauxite. Trepča Mines, Ltd. (British-owned), are already reported to be setting up a lead-smelting installation which will prepare the ore on the spot instead of exporting it.

A noticeable feature of the summer has been a number of organised strikes, the first on a large scale, in the building, clothing and mining trades. These strikes have resulted in some urgently needed improvements in wage rates and working conditions.

BELGRADE, August 1.

ROUMANIA

THE GERMAN "DRIVE"

THE news about the Austro-German understanding has aroused considerable interest in Roumania. It is now considered only a question of time before Austria is drawn entirely into Germany's orbit. Allusions to Germany's *Drang nach dem Südosten* leave little doubt in the public mind about the significance of this development in the Central European political situation. Under these circumstances, it is not surprising that the negotiations in Czechoslovakia for Roumania's loan were brought to a speedy and successful conclusion. The loan, which is to pay for armaments ordered in Czechoslovakia, amounts to Cz. Kr. 220 millions at 5 per cent. interest, repayable in ten years. A further loan of Cz. Kr. 80 millions at 2 per cent. interest is to provide means for building a strategic railway communicating with the Czechoslovakian railway system.

No little uneasiness has been caused at home and abroad by certain elements that take their cue from Berlin, and because no serious measures seem to have been taken by the Government to discourage them. M. Titulescu's sudden arrival in Roumania from the council tables at Montreux, his long audience with the King, and his interviews with members of the Cabinet and Opposition leaders, are believed to have been caused by the Government's apparent indifference. The corner-stones of M. Titulescu's policy are the Little Entente and the Balkan Pact. Both are under the auspices of France. Any encouragement of Nazi propaganda by Roumania would rouse the suspicion that Roumania was playing a double game, and would naturally weaken M. Titulescu's position in international councils. The recent conferences which the Foreign Minister attended have now resulted in his complete agreement with the Government. The statement issued after the Cabinet council of July 15th endorses M. Titulescu's foreign policy in its entirety.

GOOD HARVEST PROSPECTS

Heavy rains during June and hot and dry weather this month have enhanced crop prospects. It is believed that the total production of wheat will amount to something like 3,500,000 tons. Estimates of the exportable quantity vary between 800,000 and 1,200,000 tons. Barley and rye crops are expected to be relatively small. Total production of barley is estimated at 1,200,000 tons, and the exportable surplus at about 600,000 tons. The oats harvest is expected to yield 300,000 tons. The state of maize is considered exceptionally good. In view of rising cereal prices in international markets there are expectations of a very active export season. The new wheat valorisation system came into force on July 11th.

The provisional foreign trade returns for the five months January to May show satisfactory increases, both in exports and imports, over those of last year.

	Imports		Exports		Export Surplus
	Quantity Tons	Value '000 Lei	Quantity Tons	Value '000 Lei	
Jan.-May, 1935..	177,325	4,420,000	3,489,334	5,395,900	975,900
Jan.-May, 1936..	230,545	4,672,296	3,549,679	6,154,349	1,482,053

Increase 53,220 252,296 60,345 758,449 506,153

The National Bank is said to be satisfied with the recent working of the various clearing arrangements which are supposed to have increased the available stock of foreign exchange. The Anglo-Roumanian clearing is of too recent a date to show appreciable results. It is, however, doubtful if the clearing arrangements are making much impression on the arrears of commercial indebtedness.

BUCHAREST, August 1.

BRAZIL

FOREIGN AND HOME TRADE

THE Federal Bureau of Statistics has recently published a summary of trade statistics for the period 1928-35 (1928-9 = 100). This shows the difficulties Brazil has had in meeting her foreign currency obligations. It also shows how a number of national industries have expanded, thus reducing imports:—

	(1928-9 = 100)					
	Year	Tons	Index	Value '000	Index	Gold Index
Total imports ...	1928	5,838	98	3,695	102	90,669
	1935	4,338	73	3,855	107	27,431
Coffee exports ...	1928	832	99	2,840	102	69,701
	1935	920	109	2,157	77	17,374
Other exports ...	1928	1,242	96	1,130	100	27,725
	1935	1,842	143	1,947	173	15,638

In 1928 coffee constituted 71.54 per cent. of the total exports by value, but in 1935 only 52.55 per cent. In this period the price per bag dropped from £5, or 205 milreis, to £1 3s., or 141 milreis.

Both public revenue and expenditure have increased; but there is still an "all in" deficit:—

	Revenue			Expenditure		
	Federal	State	Muni- cipal	Federal	State	Muni- cipal
1928	2,216	1,103	547	2,332	1,290	603
1934	2,479	1,342	694	3,050	1,372	696

Thus, there was a Federal deficit of 116,000 contos in 1928, and of 571,000 contos in 1934. All mineral production has continued to increase:—

	1928		1935	
	Kilos.	Tons	Kilos.	Tons
Gold	3,135		3,680	
Coal	325,000		756,953	
Pig iron	25,761		59,281	
Laminated steel	20,881		64,232	
Laminated iron	26,227		52,358	
Cement	87,964		363,000	

For comparison the corresponding imports were:—

	1928		1934		Decrease Per cent.
	Tons	Tons	Tons	Tons	
Coal	1,950,300		1,079,600		44
Pig iron	2,595		723		72
Cement	456,200		125,700		73
Other steel and iron products	107,580		80,213		25

Similar falls in imports occurred among a number of other articles, e.g. textiles, leather goods, pottery, hardware, paper, insulators, electrical appliances, etc. These goods are now more and more manufactured in the country. Several important American manufacturers, for example, manufacturers of automobile tyres, artificial silk, accumulators, etc., have transferred equipment to Brazil and started manufacturing. But there are still good opportunities for other factories.

RIO DE JANEIRO, July 20.

ARGENTINA

EXPORTS STILL SLACK

EXPORTS in the first six months of 1936 were most depressing. The tonnage was the lowest recorded during the past ten years, except for 1930; and, notwithstanding a marked improvement in commodity prices, the total value of

exports is down by \$126 millions compared with the same period of last year.

	ARGENTINE EXPORTS	
	1935 tons	1936 tons
Meat products	628,734	638,796
Agricultural products	7,815,286	5,154,213
Total	8,702,151	6,028,535
	Values	Values
Meat products	\$289,866,268	\$322,097,972
Agricultural products	522,481,276	366,164,097
Total	849,210,595	723,076,488

The principal reason is the very large decline in wheat shipments, which, for the six months, were only 659,000 tons, compared with 2,547,000 tons for the first six months of 1935. Linseed, oats and barley also show appreciable falls, and maize shipments, which it was hoped would be considerably greater this year, are only up by 141,000 tons. The maize harvest, which at one time looked like breaking all previous records, did not come up to expectations, owing to unseasonable autumn weather, and because over 2,500,000 hectares sown to maize were later turned over to pasture. The final figures given by the Ministry of Agriculture show a reduction of 15.5 per cent. compared with 1935. Unless a phenomenal and highly improbable rise in prices takes place or exports improve during the coming six months, the exchange market may weaken.

The privately owned railways have presented a lengthy *communiqué* to the Legislative Committee of the Chamber of Deputies, supporting the Transport Co-ordination Bill. It is hoped that the Bill will be passed by Congress this year. One of the local companies has already come to a private arrangement with certain bus services in order to minimise competition and share profits.

The amalgamation of the only two British banks in Argentina, the Anglo-South American and the Bank of London and South America, is of great importance in the financial world. The combined institution, to continue under the name of the Bank of London and South America, will be one of the most powerful banks in the country and, with its widespread chain of branches throughout Spanish America, should be able to give even better service to its clients than hitherto.

BUENOS AIRES, July 28.

AUSTRALIA

A COMMONWEALTH SURPLUS

AUSTRALIAN public finances, as far as ordinary revenue and expenditure are concerned, have turned out more favourably during 1935-36 than was expected. Setting deficits against surpluses, the figures of the Commonwealth and the six States' Budgets show a net deficit of approximately £1,000,000 after applying approximately £9,000,000 to sinking funds. This is subject to the usual qualification that with fresh borrowings the aggregate debts continue to increase. Preliminary figures show that the Commonwealth has a surplus of £1,000,000, due principally to larger Customs and Excise receipts, which amounted to £41,437,717—an increase of £3,568,231 compared with 1934-35. Among the States, the New South Wales deficit is £1,680,000; that of Victoria approximately £230,000; of Queensland £741,815; and of Tasmania £200,000. Against these deficits, South Australia shows a surplus of £148,000 and Western Australia a surplus of £88,378.

The proposal of the New Zealand Government for the reduction of interest on the external debt has been welcomed in Labour circles in Australia. The proposal is similar to that put forward some years ago by Mr Lang for Australian external debt. The London portion of the New Zealand public debt at March 31, 1935, was £161 millions (inclusive of £24 millions due to the British Government), compared with £78½ millions in 1914, the average rate of interest being a little under 4½ per cent. Apart from interest due to the British Government, which remains in suspense, the actual amount paid on the London debt during 1934-35 was a little under £6,000,000, exclusive of exchange. In view

of the political programme of the present Government, a reduction in interest would facilitate additional spending.

The quarterly average returns of the ten trading banks in Australia show that while deposits within the Commonwealth for the June quarter were £291,484,438, or a decrease of £224,421 as compared with a year ago, advances were £262,403,037, or an increase of £8,697,580. Against the latter movement Government and municipal securities (inclusive of Treasury bills) were £44,285,485, or a decrease of £7,727,720, while the cash items, including cash with Commonwealth Bank, were £30,862,482, or a decrease of £7,630,824. The decrease in the cash items of the trading banks is reflected in another form in the quarterly average return of the Commonwealth Bank, which shows that balances due to other banks have fallen to £16,938,233 for the June quarter of 1936, against £23,681,964 a year ago. In addition to the cash items, the trading banks hold Treasury bills of nearly £25 millions (included in securities above).

A very disturbing effect has been produced by the decision of the Privy Council against the Commonwealth Government in the James case, showing that the dried fruit marketing scheme is inconsistent with Section 92 of the Constitution, which provides that "trade, commerce and intercourse among the States whether by means of internal carriage or ocean navigation shall be absolutely free."

MELBOURNE, July 24.

SOUTH AFRICA

CONTINUED PROSPERITY

THE trade and finance returns for the first six months of the current year reflect continued prosperity. The Union's Customs returns for the period show that goods to the value of £40,902,745 were imported, against £35,425,743 in the corresponding period of 1935. Exports in the same period were £59,235,247, against £47,629,316. This improvement masks a fall in exports of maize, from £897,423 in the first half of last year to £54,362 for the first half of 1936; but the increase in the value of exports this year is largely due to the calculation of the value of gold bullion at the price ruling at the date of export instead of at the "standard" price, as hitherto. Customs yield for the first six months of this year reached £5,736,542, against £5,276,532.

In the first six months of the year there were 713 new companies registered, compared with 630 in the first half of last year. Of this year's total, 534 were Transvaal registrations; and of these fully 90 per cent. are on the Witwatersrand. The total nominal capital of the companies registered this year is £12,656,468, compared with £8,568,595 for the first half of 1935.

Building statistics support the evidence of unprecedented prosperity on the Witwatersrand. In the financial year ended June 30th Johannesburg municipality passed plans for no fewer than 10,594 new buildings, representing a total value of £8,724,802—an increase of over £3,000,000 on the value of the previous year's building operations in the city. The figures for the calendar year are still more impressive; in 1935, 8,934 plans represented buildings to the value of £6,717,146. It is expected that the figure for the present year will total about £9,000,000. The monthly returns support this estimate. Last month's value of building plans exceeded £1,000,000. The phenomenal development of the city is represented not only in these figures, but the whole aspect has been changed in the last few years. Whereas two-storey buildings were rather the exception, the modern blocks of flats and offices run to a dozen storeys or higher.

JOHANNESBURG, July 30.

Investment For Appreciation

by L. L. B. ANGAS

Author of *Coming Rise in Gold Shares* (Feb. 1931); *Coming English Boom* (Sept. 1931); *Coming Rise in Wall Street* (Apr. 1933); *Coming American Boom* (Aug. 1934), etc., etc.

A method of forecasting and exploiting industrial cycles. Do not wait for a crisis to read this best seller. Descriptive folder available Macmillan & Co. Ltd., St. Martin's St., London. Price £1 net.

BOOKS AND PUBLICATIONS

PLAN FOR PEACE*

THIS is an extremely readable as well as opportune book. Mr Francis Williams has a keen instinct for the really significant factors in international affairs; he writes in an easy epigrammatic style, pointed with not a little irony and wit; and he has strong feelings on the subject of war and peace which he knows how to express. His main contention is that the menace of European war is very grave indeed, but that it can be averted even now if the right action is taken.

He begins with a survey of the political and economic position of the three "enemies of peace," Germany, Italy and Japan, whose Governments, he fears, may not be quite so peaceable as their peoples. The Nazi regime he sees as the product mainly not of the Treaty but of the depression. With apt quotations from "Mein Kampf"—which might well be more widely read in this country—he argues that that regime is fundamentally expansionist in its very nature. Indeed, he thinks that increasing economic difficulties would make it more rather than less militarist, since there would be an urge to divert attention from distress at home; and he estimates Nazi expenditure on re-armament up to June, 1936, at between £1,400 millions and £1,600 millions (at the old par rate of exchange). Mussolini, he thinks, may look for further colonial wars unless the world can "show the Italian people that relief from economic distress can be achieved more surely and more easily by peaceable methods than by war." Mr Williams then turns to Japan, "that country of producers with a remarkable industrial efficiency, partnered by a political and moral philosophy that might have been regarded as an anachronism in the modern world if Mussolini and Hitler had not demonstrated so efficiently the rapidity with which the wheel of progress can be reversed in Europe." Mr Williams' analysis of internal economic and political tendencies in Japan is quite unusually interesting.

Democracy's dilemma, Mr Williams argues, is whether or not to fight for peace. He thinks—though he has a warm regard for the pacifists—that it should be ready to do so. He advocates in short, therefore, that the peace-loving nations should on the one hand rebuild a collective defence system, pledged to resist any aggressor, and on the other should make such economic concessions as the aggressive Power's claims seem to justify. He consequently analyses these claims in detail; and he is inclined to find in them a little more substance than recent critics such as Sir Norman Angell. Mr Williams thinks that the general disintegration of international trade hits with accentuated severity a country with a large overseas trade but no colonies. Colonial trade, he points out, though statistically small, is at least comparatively secure; and 10 per cent. of one's export trade in the hand may seem worth 20 per cent. in the bush.

He does not advocate, however, the transfer of colonial and mandated territories to different sovereignty. But he would like to see Great Britain and the other imperialist Powers make all their colonies mandates; and Great Britain, in particular, he thinks, should renounce the reactionary discriminations adopted at Ottawa and should form a low-tariff group of British nations open to all countries to join. He would also institute a colonial loans authority under the League to supervise colonial investment internationally, and urge the removal of immigration restrictions. Such, in combination with collective resistance to aggression, is Mr Williams' plan for peace. It may be that he slightly over-estimates the extent to which aggressive Powers, mainly concerned with expansion and glory, can be appeased by legitimate concessions. It may be that though certain claims have a just foundation, the aggressive designs of those who make them will in no way be diminished by concessions. This would be a dilemma indeed, which Mr Williams does not perhaps entirely escape. But he at least has to offer a constructive and intelligible policy.

* "Plan for Peace." By Francis Williams. Methuen. 184 pages. 3s. 6d.

SHORTER NOTICE

"Economic Principles of Transportation." By W. T. Jackman. University of Toronto Press. Humphrey Milford. 891 pages. 21s.

Professor Jackman's book, which is based on one issued in 1926, but now largely re-written, avoids the worst pitfalls that await the writer on transport. The author does not over-simplify the complicated influences that determine the level of railway rates; and as the main part of the work is more descriptive than analytical, the theorist will not find here too wide a gap between orthodox economics and the special pleading often adopted by transport experts. The book is not a theoretical treatise on transport in general, but a detailed survey of transport in Canada to-day, of which by far the largest part is devoted to railways (19 out of 21 chapters, or 749 out of 881 pages). As a treatise on Canadian railway problems, it will be invaluable to the specialist.

The chapters which describe the rise of the world's most baffling railway problem, that of the Canadian National system, are lucid and interesting. Professor Jackman's conclusion is, broadly, in favour of unifying the C.P.R. and the C.N.R. under private ownership.

On the question of railway rates, which are considered in great detail, the book is concerned with practical problems rather than with theory, although the author devotes more attention than most writers to the effect of fluctuations in railway costs, and to the relation of rates to changes in the commodity price level.

The final chapter on "Highway Transportation," in which the road-rail controversy is discussed, is, perhaps, the least satisfactory in the book. The usual criticisms of the road goods hauliers are repeated. But the gradual progress of the industry outside Canada towards more stable conditions, and the progress which has been made, as in Great Britain, in removing the evils that accompanied its first period of uncontrolled expansion, are given rather less than their due. This rather perfunctory treatment may be a result of allotting only one-eighth of the space given to railway freight rates to a discussion of the whole road-rail controversy. But it is surely a perilous generalisation that "the operators of motor-trucks have frequently asserted that the motor vehicles are paying their own way. If this were true, there would not have been the great rush in recent years to get a start in highway transport operation." What new masterpieces of restrictive legislation would be called for if we could automatically assume that any expanding industry, whose progress outstepped the general line, was in receipt of a concealed subsidy from the community!

BOOKS RECEIVED

Money and Banking. By G. W. Dowrie. (London) Chapman and Hall. 512 pp. 16s. net.

World Politics, 1918-1936. By R. Palme Dutt. (London) Gollancz. 382 pp. 5s. net.

Statistical Year-Book of the League of Nations, 1935-36. (London) Allen and Unwin. 339 pages. 10s. net.

The Opening-up of the World. By J. F. Horrabin. The World To-day Series. (London) Methuen and Company. 114 pages. 45 maps. 3s. 6d. net.

A remarkably instructive little book with 45 of Mr Horrabin's deservedly famous maps.

Gas Attacks. Is There Any Protection? Prepared by the Socialist Medical Association. (London) Lawrence and Wishart, Ltd. 31 pages. 6d. net.

Municipal Capital Finance. By A. B. Griffiths. (London) C. Knight and Company, Ltd., 227-239 Tooley Street. 237 pages. No price stated.

Anglo-Finnish Year Book, 1936. (London) Anglo-Finnish Section. London Chamber of Commerce. 161 pages. No price stated.

The Financial Post Survey of Corporate Securities, May, 1936. (London) The Maclean Publishing Company, Ltd. 280 pages. No price stated.

The Official Year Book of New South Wales, 1933-34. By T. Waites, Government Statistician. (Sydney) Alfred James Kent, Government Printer. 906 pages. Cloth 7s. 6d., paper 5s. net.

The Competitive Distribution of Wealth. By C. W. Heasman. (Croydon) Roffey and Clark, Ltd., 12 High Street. 90 pages. 2s. 6d. net.

L'Union Soviétique au Carrefour: Socialisme ou Capitalisme. By R. Mossé. (Paris) Editions du Sagittaire, 56 rue Rodier. 221 pages. 15 frs.

MONEY AND BANKING

THE BANK'S GOLD PURCHASES

FOR the past three months the Bank of England has been a steady buyer of gold, and its purchases have been accelerated since the middle of June. The cause and effect of these operations have aroused considerable discussion, and it is opportune to place them in perspective.

The following table briefly summarises recent developments. The dates chosen are April 29th, which marked the beginning of the recent expansion in the note circulation; June 10th, when discount rates were approximately at their peak and when the Bank began to accelerate its gold purchases; and August 5th, the latest date available:—

	April 29th £ mill.	June 10th £ mill.	Aug. 5th £ mill.
<i>Bank of England:</i>			
Gold	202.7	208.5	243.0
Note circulation	416.9	433.0	454.4
Reserve	46.6	36.4	49.6
Bankers' deposits	104.7	86.5	92.7
<i>Discount Rates:</i>			
Treasury bills (tender rate) 10s. 6.00d. 18s. 1.04d. 10s. 6.35d.			
Three months' bank bills (market rate)	12-18	11-12	11-18

The period to June 10th covered the weeks of the heavy influx of French funds into London. Part of this money was lodged on deposit with the British joint-stock banks, and part was hoarded in British currency. To offset the effect of this French influx, the British Exchange Equalisation Account made extensive purchases of francs, which it at once resold for gold, held under its earmark at the Banque de France. To finance its franc purchases, the Exchange Account reduced its holdings of Treasury bills, but the total volume of Treasury bills issued by the British Government was not affected by these operations, and the joint-stock banks and the discount market had necessarily to increase their holdings. To the extent that the discount market took up more bills, it borrowed more short money from the joint-stock banks.

The effects of these operations may usefully be contrasted with those of an influx of foreign funds under the gold standard, offset by sales of gold to the Bank of England. Under the *ancien régime*, an influx of, say, £2,000,000 would have had the following repercussions:—

<i>Bank of England:</i>	
Gold	+ £2,000,000
Note circulation	Unchanged
Reserve	+ £2,000,000
Bankers' deposits	+ £2,000,000
<i>Joint-stock Banks:</i>	
Deposits	+ £2,000,000
Cash	+ £2,000,000

The increase in the joint-stock banks' deposits represents the influx of foreign funds. The increases in their cash and in bankers' deposits at the Bank of England are due to the fact that the Bank of England must pay for the gold it buys.

To-day, however, the gold is initially bought by the Exchange Equalisation Account and not by the Bank of England. Now suppose that £2,000,000 of foreign money comes into the country, of which £1,000,000 goes into deposits at the joint-stock banks, and £1,000,000 into British currency; and that the Exchange Account buys £2,000,000 of gold. The following changes will then occur:—

<i>Bank of England:</i>	
Gold	Unchanged
Note circulation	+ £1,000,000
Reserve	- £1,000,000
Bankers' deposits	- £1,000,000
<i>Exchange Equalisation Account:</i>	
Gold	+ £2,000,000
Treasury bills	- £2,000,000
<i>Joint-stock Banks:</i>	
Deposits	+ £1,000,000
Cash	- £1,000,000
Short loans	
Discounts	+ £2,000,000

The declines in the Bank's Reserve, in bankers' deposits and in joint-stock bank cash arise on the supposition that the owners of foreign funds, having transferred £2,000,000 to deposit at the joint-stock banks, proceed to draw out £1,000,000 in British currency.

Reference to the initial table in this article will show that, so far as the Bank of England is concerned, movements in these directions actually occurred up to June 10th. Between April and May, clearing bank deposits rose by £32 millions, while the banks' cash fell by £7 millions, and their short loans and discounts rose by £39 millions. So far, therefore, the sequence of events followed the lines already suggested. At this point the contrast between the effects of gold purchases by the Bank under the gold standard and by the Exchange Equalisation Account under the present regime assumes particular importance.

When the Bank bought gold under the gold standard, both the Bank's ratio of Reserve to deposits, and the joint-stock banks' ratio of cash to deposits were increased, and easier credit conditions were consequently created. When the Exchange Account buys gold, however—especially when foreign funds are hoarded in British currency—both the Bank's "proportion" and the joint-stock banks' cash ratios contract, and more stringent conditions follow. Our initial table shows that, in fact, discount rates hardened perceptibly between April 29th and June 10th.

It is now possible to indicate the remedy for the stringency. For every £1 of British currency hoarded by foreigners, the Bank, and not the Exchange Equalisation Account, should buy £1 of gold. If foreign funds go, not into currency, but into deposits at the joint-stock banks, the Bank should buy £1 of gold for every £10 so deposited, leaving the remaining £9 to the Exchange Account. This will enable the banks to maintain their 10 per cent. cash ratio.

This gives us the key to events in the period which began on June 10th, during which the Bank has greatly accelerated its gold purchases. Most of these have been made from the Exchange Equalisation Account, which has received, not the market price of, say, 138s.-139s., but the Bank's statutory buying price of 84s. 10d. per fine ounce. This, however, is a matter of detail, which does not affect the main argument. The crucial fact is that, at its own valuation, the Bank has bought £40 millions of gold since June 10th.

To illustrate the consequences, let us assume that the Bank buys £1,000,000 of gold from the Exchange Equalisation Account. The Exchange Account promptly uses the cash it receives to take up an additional £1,000,000 of Treasury bills, and the amount of bills included in "tender" offerings to the market is similarly reduced below what it would otherwise have been. But the cash disbursements of the Government, against either Treasury bill maturities and/or any excess of expenditure over revenue, are unaffected. Therefore, the banks and the discount market obtain £1,000,000 in cash which they would not have received otherwise; and this appears in bankers' deposits at the Bank of England. The sequence of events may be set out thus:—

	(1)	(2)
<i>Bank of England:</i>		
Gold	+ £1,000,000	+ £1,000,000
Note circulation	Unchanged	+ £500,000
Reserve	+ £1,000,000(a)	+ £500,000
Bankers' deposits	+ £1,000,000(a)	+ £500,000
<i>Exchange Equalisation Account:</i>		
Gold	- £1,600,000	- £1,600,000
Treasury bills	+ £1,000,000	+ £1,000,000
Net loss on gold sale to Bank...	£600,000	£600,000
<i>Joint-stock Banks:</i>		
Deposits	Unchanged	+ £1,500,000
Cash	+ £1,000,000(a)	+ £500,000
Short loans		
Discounts	- £1,000,000	+ £1,000,000

The column headed (1) ignores, while the column headed (2) allows for, certain secondary changes. For the reason already mentioned, the Exchange Account has a loss on its gold sale to the Bank. If (as has occurred recently) the note circulation continues to expand, there is a consequent and equivalent reduction in the expansion of the items marked (a) and also in joint-stock bank deposits. If, simultaneously, Government expenditure adds to the

total issue of Treasury bills, there is an increase in joint-stock bank deposits, and a smaller reduction in their short loans and discounts. In column (2) we have assumed a £500,000 expansion in the note circulation and a £2,000,000 increase in the floating debt, due to Government expenditure. This column, in fact, takes in all the changes which have occurred since June 10th. To-day, the Bank of England's Reserve has been restored to its April level. Bankers' deposits are higher than in June, and discount rates have fallen back to their April level. As an indirect consequence there have been heavy gold imports from France, amounting since June 10th to £30.4 millions. The inference is that while the Exchange Equalisation Account is prepared to hold gold in Paris under its earmark, the Bank prefers to hold its gold in its own vaults. As this gold is the backing to the note issue, this preference is very reasonable.

By its gold purchases the Bank has achieved two objectives. It has put an end to the tighter conditions which threatened to develop as the result of French hoarding of British currency; and it has relieved the Exchange Account of some of its gold and, to that extent, increased its ability to give future support to the franc without going beyond the statutory limit of its resources. The danger of this new technique is that if it is carried too far, a big repatriation of French funds may force the Bank to sell gold to the Exchange Account to enable the latter to support sterling against this repatriation. This danger is probably remote, as the Exchange Account should still have ample gold reserves of its own in hand. Within this limit, therefore, this new technique has everything to commend it. In fact it indicates a possible line of monetary practice which we could conceivably continue to follow even after a possible return to gold.

FINANCIAL NOTES

An American-German Imbroglio.—A very pretty dispute has developed between the United States and Germany as a result of the German system of granting direct subsidies to exports and fostering them indirectly by the use of compensation or "Aski" marks. For some years now a direct levy has been imposed upon Germany industry for the purpose of subsidising the export trades, while German imports and exports are carefully regulated to ensure the maintenance of a small export surplus. In addition, trade between Germany and many other countries is conducted on the basis of compensation agreements. These are a form of exchange clearing or barter, and the principle is that all payments for German imports are made in marks into special "Aski" accounts, which are subsequently drawn upon to reimburse German exporters, a parallel arrangement being made in the foreign country. The rate of exchange at which all these transactions take place is fixed arbitrarily at a rate much below the official rate of exchange, so that the German exporter obtains a valuable indirect subsidy. This arrangement has lately fallen foul of the American anti-dumping legislation, and the United States Government have not only imposed countervailing duties ranging from 22½ to 56 per cent., but are also requiring German exporters, under pain of forfeiture of the goods, to disclose the amount of direct and indirect subsidies received by them in respect of each shipment. This has placed the German exporter in an impossible position, for such disclosure constitutes a serious offence under German law. The German authorities have now countered by issuing a decree prohibiting all trade between the two countries on a compensation basis. This will limit German imports from the United States to such a volume as can be financed out of Germany's supplies of foreign exchange, and in practice will reduce them almost to zero. American exporters of raw materials will thus suffer the almost complete loss of the German market, which will be a serious matter for them. And Germany will lose a profitable source of supplies. A cynic might well observe, "Oh! what a tangled web we weave when freedom's path in trade we leave."

The Foreign Exchanges.—Business has been restricted by the holidays, but the franc has developed fresh weakness. Spot francs have depreciated to Frs. 76½, and three months' francs have widened to Frs. 3½ discount. Once or twice the British Control has bought some few francs. The weakness is ascribed partly to the difficult position of the French Treasury and partly to the reactions of the Spanish revolt, but the main cause is a statement made by the Governor of the Banque de France in an interview at Amsterdam that general stabilisation would permit of an "alignment" of exchange rates. This is interpreted as a hint at devaluation, and it is also believed that the French Government will before long have to ask the country to choose between the gold franc and the Government's reform programme. The renewal of the French sterling credit for a further three months occasioned little surprise. M. Vincent Auriol has stated that subscriptions to the new bond issue exceed Frs. 2,300 millions, and that they are coming in at the rate of 100 to 150 million francs a day. He agreed, however, that the Government had still to find Frs. 17,000 millions by the end of the year. The French Bank return for July 31st shows no reduction in total Government borrowing during the preceding week, but merely a transfer from rediscounts to provisional advances, so that that week's bond subscriptions must have been used in other ways. The London market has practically suspended all dealings in spot and forward pesetas. Communications with Spanish banks are now very uncertain, and so, apart from the moratorium, it is impossible to guarantee delivery.

The Money Market.—Conditions have been very comfortable, but it is reported that outside lenders have less ½ per cent. money available for loans against bonds. The market has borrowed moderate amounts of ½ per cent. money from the clearing banks. There was a good demand at ½ per cent. for September and October Treasury bills.

	July 16, 1936	July 23, 1936	July 30, 1936	Aug. 6, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ..	1	1	1	1
Short loan rate:—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	1	1	1	1
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills ..	1-1	1-1	1-1	1-1

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.

Last Friday's Treasury bill tender issue was only £45 millions, against maturities of the same amount, and the same position will arise on August 7th, so that for a fortnight the total tender issue is remaining at £630 millions.

The Bank Return.—Holiday currency demands have outstripped the week's gold purchases by the Bank, so that the Reserve has fallen by £2.8 millions.

	Aug. 7, 1935	July 15, 1936	July 22, 1936	July 29, 1936	Aug. 5, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.8	231.0	235.8	239.9	243.0
Note circulation	411.8	443.3	443.6	448.6	454.4
Banking Department:—					
Reserve	41.5	48.7	53.1	52.4	49.6
Public deposits.....	17.2	20.4	19.9	42.3	17.6
Bankers' deposits	82.7	90.6	98.2	75.2	92.7
Other deposits.....	37.8	40.7	38.5	39.4	38.5
Government securities ..	87.2	96.8	95.8	96.4	89.9
Discounts and advances ..	14.1	5.9	6.5	7.1	8.9
Other securities	13.1	18.4	19.4	19.1	18.5
Proportion	30.1%	32.0%	33.9%	33.3%	33.3%

The heavy Treasury bill activities of last Saturday have restored both public and bankers' deposits to more normal proportions. Government securities, which lately had been running high, have also been reduced by £6.5 millions, and are now back to where they stood at the end of April.

THE STOCK EXCHANGE

NEWSPAPER FINANCE

NEWSPAPER shares have been a group apart during recent months, when ordinary shares in general have been rising and average yields of under 4 per cent. have become widespread. Certain newspaper equities have recorded some improvement in prices, but the general investor has shown no disposition unduly to discount recovery—or perhaps even stability—in newspaper finance. Even the best shares still yield 4½ per cent., and the majority offer over 5 per cent.

Basically, newspaper economics are simple enough. Production costs—paper, wages and fixed charges—are usually slow to change. On the revenue side, the growth in circulations during recent years has been accorded proud publicity. Advertising revenue—which provides newspaper profits—follows the course of the business cycle. Sufficient information is obtainable under all these heads to suggest, ostensibly, good earnings prospects.

Advertising revenue, for example, is in the flush of recovery. We are indebted to the management of the London Press Exchange, Ltd., for an estimate of the value of Press advertising during the last three years. The figures, which are based on a sample of 150 publications, probably cover some 80 per cent. of the total expenditure on display advertising for branded goods, but they exclude classified and financial advertising. During 1935 the computed value of this category of Press revenue rose by no less than 10.7 per cent., amounting to £17,464,000, compared with £15,778,000 for 1934 and £14,754,000 for 1933. The distribution of the total among various groups of publications is given in the following table:—

Newspaper Group	Computed Value of Advertising			Percentage of Total			Increase 1935 on 1934
	1933	1934	1935	1933	1934	1935	
National Morning	£'000's 5,317	£'000's 5,789	£'000's 6,364	36.0	36.7	36.5	9.9
Sunday	1,950	2,169	2,505	13.2	13.7	14.3	15.5
Weekly Journals...	1,722	1,931	2,290	11.7	12.3	13.1	18.6
Provincial Evening	2,109	2,078	2,178	14.3	13.1	12.6	4.7
Provincial Morning	1,088	1,097	1,208	7.2	6.9	6.9	9.9
London Evening...	1,027	1,035	1,168	7.0	6.6	6.7	12.7
Illustrated Morning	997	1,054	1,074	6.8	6.7	6.1	1.9
Monthly Magazines	568	625	683	3.8	4.0	3.9	9.3
Total	14,754	15,778	17,464	100.0	100.0	100.0	10.7

These figures give an accurate impression of trend in branded goods advertising. They represent, of course, only a proportion of total display revenue which, for the "national morning" group alone, increased from £9,080,000 in 1934 to £9,450,000 last year. There is no sign, as yet, of a setback. The large advertisers—spending more than £50,000 per annum—accounted for £5,659,000 in 1935, compared with £4,833,000 in 1934; the leading trade groups, headed by the ubiquitous medicine and toilet section, and followed by food and drink, building material and household equipment, and motoring and travel groups, have remained faithful and remunerative patrons of the Press.

For the investor, the significant feature is to be found in the increased revenue of the "national morning," "Sunday," "weekly journals," "provincial morning," and "London evening" groups, for here lie the investor's main interests, directly or indirectly. It would, doubtless, be unwise to expect all journals to show the same degree of improvement. It is conceivable, indeed, that some of the largest percentage increases have recently been secured by journals which remain in private ownership, while other favourite advertising media, whose circulations reveal a comparatively small rate of expansion in recent years, tend to show a corresponding stability in advertising revenue.

On the costs side, the price of newsprint, which has been as high as £16 5s. per ton in the last decade, has recently remained almost unchanged at £10, and there is

no reason to anticipate any imminent change in this figure. The New York price of Canadian newsprint, however, has been increased to \$41 per ton, compared with \$40 for 1935. As the Canadian mills operated at about 78 per cent. of effective capacity for the first six months of 1936, the possibility of an increase in the 1937 prices is being discussed. In some quarters it is claimed that, when weak selling has been eliminated, a "fair" price of \$47 per ton may be attained. In that event, large British buyers of Canadian supplies may have to face a rise in their costs. Meanwhile, the competitive balance of the British newsprint industry has been altered considerably by the recent Bowater-Lloyd merger. Publishers, however, usually cover their requirements for a considerable period ahead, and if newsprint became dearer the effect on newspaper profits would probably be gradual. On a long view, however, investors can neither leave its consequences entirely out of consideration nor assume the projection into the indefinite future of the rate of increase in advertising.

There is, however, one source of uncertainty which affects, not the distant but the immediate future. The glorious achievement of increased circulation is costly for shareholders. The treaty governing "free gift" offers has been interpreted with a liberal ingenuity which has gone far to frustrate its intention, though, following the best modern precedent, there has been no formal declaration of war. It is possible only to guess at the annual expenditure on "new reader" offers, but between one and two million pounds must be involved. All the "million circulation" dailies and several Sunday papers are continually canvassing with eight-week offers to new subscribers, the great majority of whom are not permanently retained, but are attracted, lost, and re-attracted solely by inducements which are "free gifts" in all but name. The "marginal" reader, who buys a paper during the qualification period only, may cost the publishers as much as £1 per annum. Circulations as a whole have tended to increase, but the main result of heavy canvassing is to change round—but not to increase—sales.

The reason for this largely unproductive competitive expenditure is, of course, that a good half-year's certificate may persuade advertisers to allocate more space to a given paper—for a given time. But the really impressive fruits of rising circulation—an all-round increase in advertising space-rates—are slow to mature and costly to acquire. To obtain, and keep, an increase of a quarter of a million new readers may, in the end, cost as much as the increased revenue which can be extracted from advertisers. There are, also, other methods of possible competition, some of which are connected with expensive technical developments. Odhams Press, for example, are developing a high-speed rotary gravure process which may, eventually, lead to a "penny plain, tuppence coloured" press. Coloured supplements—now a popular feature of the week-end Press in the United States—may, indeed, be nearer at hand.

These indications of rising expenditure suggest that investors may be wise in viewing all newspaper shares cautiously. There is still, however, scope for discrimination for the investor who can keep in close touch with developments. One of the best recoveries—and one of the lowest ordinary share yields—is shown by Allied Newspapers, which, together with the separate Daily Sketch and Sunday Graphic subsidiary, controls the "Camrose" group of publications, other than the *Daily Telegraph*. A strong financial position has been strengthened by the sale of the Edward Lloyd Investment holding. Even at the present high rate of disclosed earnings, nevertheless, copyrights and goodwill appear in the balance sheet at a seven years' purchase valuation. But no newspaper group is free from financial complexity. Allied Newspapers, for

example, guarantees the 4½ per cent. debentures of Daily Sketch and Sunday Graphic, and is providing resources for the development of these publications. Again, the Associated Newspapers group consists primarily of four concerns, with complex joint interests in newsprint companies in Canada and Newfoundland, and a number of provincial papers acquired during the expensive "war" a few years ago. Inter-group financial operations—such as the advance from Daily Mirror Newspapers to Sunday Pictorial for the purchase of debentures of Anglo-Canadian Pulp and Paper (itself an associated concern) and the finance of Associated Newspapers' newsprint supplies from Anglo-Newfoundland Development—strengthen the need for consolidated accounts.

Similar comments apply to the Odhams Press group. Only the vaguest impression is available regarding the true profitability of the Daily Herald (1929), Ltd., owing to the capitalisation of "development" expenditure in earlier years. This publication is understood to have been earning profits for some time, but its contribution to the parent company's income has not been divulged. The Odhams group has followed the fashion for extension by way of subsidiary companies (against which the parent company made £55,000 reserve last year); such interests now total £2,351,000, compared with £1,942,000 two years ago. The group, too, has maintained a high gearing in its combined capital structure. In 1929 the proportion of fixed interest to equity capital of the parent company was 3.3:1. Since that time the parent company's expansion and the formation of Odhams Properties and Odhams (Watford) have merely reduced the relation to 3.2:1. From the earnings aspect, the gearing is even higher, for the Odhams Properties' rent and royalty income of £130,000 (now to be increased) in effect ranks ahead of Odhams Press debentures, while the £450,000 5½ per cent. preference capital of Odhams (Watford) is guaranteed by the parent concern.

Such involved financial structures, in the present competitive situation, appear to justify the high equity share yields shown in the following table:—

Company (and Denomination of Equity Share)	Date of Accounts	Earned (%)			Paid (%)			Pre-sent Price	Yield (%)
		1933-4	1934-5	1935-6	1933-4	1934-5	1935-6		
Allied News. (11)	End Dec.	11.9	17.1	20.6	5	7	8	33/10½	4 14 6
Assoc. News (5s.)	Mar. 31	28.8	32.3	31.0	20	26½	26½	23/-	5 16 0
D. Mail and Gen. Trust (11)	Sept. 30	8.9	8.6	10.7	10½	11½	11½	52/1½	4 6 3½
Sunday Pictorial (11)	Feb. 28	16.7	16.9	17.5	12½	12½	12½	42/3	5 18 6
Daily Mirror (5s.)	Feb. 28	17.2	17.6	17.9	15	15*	15*	22/3	5 12 3
London Express (11)	June 30	10.7	10.1	...	10	10	...	45/-	4 9 0
Odhams Press (4s.)	Dec. 31	37.3	33.4	30.4	15	15	15	10/9	5 11 6
Odhams Properties (11)	Mar. 31	13.0	15.1	18.3	10	11½	12	42/6	5 13 0
United News (7½ per cent. £1 pref.)	Dec. 31	1.2	2.1	2.6	None paid since 1929	18/-	Nil	Nil	Nil

† Tax free. * In addition, 7½ per cent. in 1935 and 10 per cent. in 1936 paid tax free from realised investment profits. 10 per cent. payments expected for next 10 years, and yield calculated on 25 per cent. basis.

A range of equity yields between £4 9s. per cent. and £5 16s. per cent. shows that due discrimination has been exercised. It is significant that the highest yields have been accorded to those shares which, for reasons of interlocked group finance, are most difficult to value. Allied Newspapers £1 shares have attracted attention from speculative investors, who are expecting a continuation of recent progress. Together with London Express Newspaper, whose 10 per cent. dividend has been regularly paid during the past eight years—although recently with a very modest margin—this group has one of the simplest capital structures in a complex industry. Gross yields of 5½ per cent. or more for the Associated Newspaper group equities and of a few shillings less in the Odhams group attest the investor's caution where the financial structure is more complex. The above table shows that certain earnings and dividends have increased, but there is no evidence of spectacular recovery possibilities. The group newspaper has always been a medium for the specialist investor, but even he must be prepared constantly to review his position. And for the long-term investor newspaper competition writes its own message on the wall.

INVESTMENT NOTES

Depression in Paris.—The French and American "New Deals" have many economic ideals in common. But while the first six months of the American experiment provoked an upward burst of security prices on Wall Street, M. Blum has succeeded only in frightening the Paris Bourse. The French business man sees himself ground between the upper and nether millstones of rising costs and controlled prices. The domestic industries fear not only for their individual position, but for the permanence of the present economic system. The export industries find their competitive power steadily weakened as costs rise, but the franc remains fixed. The Treasury position has not been improved, and the public has made a far from encouraging response to the "Baby Bond" issue. Bank rate may be down to 3 per cent., but the yield on Government securities remains stubbornly high, and on recent Treasury bond issues ranges up to 9 per cent. M. Auriol threatens to print new money if the public does not lend, and the Government's proposal to make cheap borrowing available to retailers whose desire for higher retail prices is being condemned as immoral does not cancel out the New Deal's determination to raise costs. Of all these real and imagined dangers the prices of securities on the Paris Bourse are a sensitive indicator. The Popular Front Government was elected in May, and took office in June; in July the official index of 300 French stocks (1913 = 100) touched an eight-year low point of 142. In March it had been at 202, compared with 221 at the beginning of 1932 and 548 early in 1929. Movements of prices for a few selected securities are tabulated below.

Stock	Quotations					
	July 31, 1935	Dec. 31, 1936	May 27, 1936	June 29, 1936	July 29, 1936	Aug. 5, 1936
Banque de France ...	9,950	9,550	5,800	5,840	5,625	5,500
Credit Lyonnais ...	1,639	1,695	1,337	1,302	1,048	1,028
Chargéur Réunis ...	147	222	236	219	169	168
Wagons Lits ...	45½	41½	42½	44	39½	36½
Rio Tinto ...	1,225	1,446	1,115	1,013	960	947
Suez Canal ...	18,315	18,050	19,340	19,700	19,750	19,825
Rentes 3% Perpetual	78.75	73.35	68.10	69.65	65.90	65.70
4½ 1932 "A" ...	86.85	83.30	72.40	74.25	68.85	68.65

The drop in prominent industrials in the last few months ranges from 40 to 60 per cent. Banque de France shares have fallen by over 40 per cent. during the past year, though the greater part of this loss of ground occurred before M. Blum's Government took office. Suez Canal shares, a "refugee" stock, stood at the end of July at their highest level for the past twelve months. Last year the decision was taken to stabilise rates on sterling. A revival of confidence on the Bourse cannot be anticipated until M. Blum has shown who is to be master—he or the fixed franc.

Home Railway News.—In a market which has generally been somewhat under holiday and political weather, home railway stocks have been distinguished, this week, by moderately cheerful activity. Railway stockholders, who must normally base their estimates on the bare modicum of information provided by the weekly gross traffic returns, have been treated within the last nine days to a gargantuan feast of crucial facts and figures. First, the four main line companies have disclosed their position at the end of the first half of 1936. Except in the case of the L.M.S., the results have frankly disappointed the market. Of a moderate increase in gross receipts, some 58 per cent. was absorbed by increased expenditure on the L.M.S., 98½ per cent. on the L.N.E., 88 per cent. on the Great Western and 96 per cent. on the Southern. In view of this obduracy of costs, the second announcement of the series was the more welcome—that agreed settlements had been reached with representative local authorities on the question of rating. These (which we discussed in last week's *Economist*, page 227), promised total "savings" of £2,670,000 this year and nearly £3,000,000 next year. The

third announcement was the award of the Wage Tribunal, which is discussed on page 262 of this issue. In fact, it appears to give railway workers only a little more than the railways had already offered them. Its total cost of £600,000 for this year and about £1,500,000 in a full year absorbs only about one-half of what the railways will save by reduced rating. But the Tribunal's lucid and closely reasoned finding has a couple of stings in its tail. It includes what is almost an invitation to the men to re-open the wages question next year. It implies that, in judging what is a fair and equitable distribution of the earnings of recovery between workers and stockholders, the depressed junior stockholder is not entitled to special consideration merely because he may happen to be dividend-less. The fourth event of the week has been the publication of excellent pre-Bank Holiday week traffic takings, which show a gain of £239,000 over 1935, and raise the aggregate gain for the five weeks of the second half of 1936 to £844,000. In the past, a good pre-Bank Holiday week return has frequently been offset by mediocre figures in the succeeding week. There is no doubt, however, that the railways, at the moment, are feeling the favourable effects of trade activity and increased purchasing power. Further impressive gains may be recorded in subsequent weeks. In view of the rising trend of expenditure, however, it seems doubtful whether—allowing for all the factors mentioned above—the maintenance of the present favourable movement in receipts will leave L.M.S. ordinary, at the year end, covered by more than 1 to 1½ per cent., or Great Western ordinary by much more than 2 per cent. L.N.E. first preference may now, probably, be regarded as fully covered by earnings, but the second preference has hardly yet begun to come into the picture. Southern deferred, similarly, stands, as yet, only on the fringe of earnings.

American Dividends and Taxation.—Wall Street is now comparing its bullish estimates with earnings and dividend statements which, during recent weeks, have included Chrysler, General Motors, Consolidated Edison and U.S. Steel. A substantial increase in second-quarter earnings compared with 1935 is reported in each case, although the market seemed rather disappointed with the \$1 dividend for the quarter on the U.S. Steel 7 per cent. preferred. Since 1933 only 50c. has been paid each quarter, and an increase to the full rate had been hoped for. The company's conservative distribution, however, seems justified, for of the \$171,000,000 taken from surplus since October, 1931, some \$55,000,000 has been distributed in unearned dividends. Consolidated Edison reported an increase in second-quarter earnings from 48c. per common share in 1935 to 54c. this year, and has raised the quarterly dividend from 25c. to 50c. General Motors earned \$2.00 per share for the second quarter compared with \$1.16 a year ago, while Chrysler has declared a common dividend of \$4 compared with \$1.50 for the first quarter of 1936, and \$1.00 for the last quarter of 1935. The new taxation law appears to have influenced the Chrysler distribution. Corporations are now required to pay a normal tax ranging from 8 per cent. on "net income" (after dividend payments) not exceeding \$2,000 per annum, to 15 per cent. upon "net income" in excess of \$40,000 per annum. In addition, a surtax is levied on undistributed profits, ranging from 7 per cent. on the first 10 per cent. of such profits to 27 per cent. on the last 40 per cent. To avoid discrimination against small companies, special concessions are made where undistributed profits are less than \$50,000. The system of taxation for foreign corporations does not involve the taxation of undistributed profits. Non-resident foreign corporations not doing business in the United States are required to pay 15 per cent. of their income from American sources, except dividends, upon which 10 per cent. will be payable. Resident foreign corporations, doing business in America, are to pay a normal tax of 22 per cent., instead of the sliding scale of taxes provided for domestic corporations. Taxes due from non-resident foreign corporations will be deducted at source. Non-resident foreigners are entitled to a personal exemption

of \$1,000, but this exemption is obtainable only by filing a return. They will no longer be theoretically liable, as they were in the past, for taxation on capital profits. This new system of taxation, whatever its merits or demerits, may play a large rôle in encouraging corporations to distribute a larger part of their earnings. The main reason for Wall Street's present confidence is undoubtedly the rapid growth of earnings and the spread of recovery to the capital goods industries.

New Issues in July.—The high rate of activity in the new issue market, which lasted until the close of business before the Bank Holiday, is clearly shown in our usual calculations of new capital. On the revised basis adopted in January last, the total new money raised is computed at £42,292,000, compared with £22,789,000 in June and £63,038,000 in July, 1935. Comparative figures on the old and new bases are given below:—

(000's omitted) Excluding Conversions					
Monthly average (Old Basis)	United Kingdom	British Possessions	Foreign Countries	Total	
1932	£ 13,589	£ 2,129	£ 24	£ 15,742	
1933	17,520	2,429	449	20,398	
1934	11,474	2,494	125	14,093	
1935	18,388	1,270	21	19,679	
Monthly Total (Old Basis)	Govt. Other				
May, 1935	<i>Dr. 150</i>	15,716	1,102	Nil	16,668
May, 1936	<i>Dr. 300</i>	15,078	2,014	208	17,000
June, 1935	<i>Dr. 150</i>	14,274	669	Nil	14,793
June, 1936	<i>Dr. 150</i>	8,556	1,676	30	10,112
July, 1935	<i>Dr. 300</i>	53,833	3,273	256	57,062
July, 1936	<i>Dr. 300</i>	16,621	2,669	138	19,128
(New Basis)					
May, 1935	<i>Dr. 150</i>	24,508	1,690	184	26,232
May, 1936	<i>Dr. 300</i>	28,442	2,387	292	30,821
June, 1935	<i>Dr. 150</i>	25,566	669	Nil	26,085
June, 1936	<i>Dr. 150</i>	20,752	2,019	168	22,789
July, 1935	<i>Dr. 150</i>	59,659	3,273	256	63,038
July, 1936	<i>Dr. 300</i>	35,691	6,763	138	42,292

For comparison over the past twelve months, it must be recalled that the £32 millions London Electric Finance issue was made in July, 1935. Although some prospectuses from engineering companies required careful examination, the market has recently proved itself responsive, and the resumption of corporation borrowing enjoyed a good reception. A renewal of active conditions seems probable after the August break.

Foreign Bond Movements.—The index number of foreign bond prices, compiled by Municipal and General Securities Company, Ltd., shows a rise from 99.1 at the end of June to 99.8 at the end of July (average January-June, 1934 = 100). The May level is thus restored. Movements of the component group indices (whose construction was outlined in the *Economist* of July 4th, pages 20-21) are shown below:—

Index	No. of Bonds	Average Jan.-June, 1934 = 100			
		July, 1935	May, 1936	June, 1936	July, 1936
Europe	32	98.5	96.1	96.3	94.7
Near and Far East	31	99.7	106.5	104.4	110.6
Egypt	4	102.2	99.2	99.4	100.9
South and Cent. America:					
State	36	85.9	101.3	100.2	99.1
Provincial Govt.	11	79.0	88.6	89.2	89.2
Total	47	84.2	98.1	97.5	96.7
Complete Index	114	92.7	99.8	99.1	99.8
Undeclared	60	103.4†	104.3	102.8	104.4
Defaulted	54	81.7†	95.0	95.1	95.0

† 63 Bonds.

‡ 51 Bonds.

The weakness of Danzig and Roumanian bonds has produced a fall of 1.6 points in the European group. Again, speculative Brazilian and Chilean bonds have been marked down during the month, thus affecting the South American State index. The most spectacular movement, however, is a recovery of over 6 points in the Near and Far East group, owing primarily to the appreciable improvement in Chinese issues and to a slight rise in Japanese bonds.

Actuaries' Investment Index.—A week of small irregular changes in various sections of the market has left the Actuaries' Investment Index of 178 industrial equities almost unchanged at 85.1, compared with 85.0 a week ago and 83.0 a month ago (December 31, 1928 = 100). The yield this week works out at 3.69 per cent., against 3.70 per cent. last week and 3.78 per cent. a month ago. Movements in various sections of the market are tabulated below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago July 7	Week ago July 28	This week Aug. 4	Month ago July 7	Week ago July 28	This week Aug. 4
Building materials (5) ...	101.5	102.7	102.2	4.75	4.72	4.76
Cotton (6)	36.3	41.5	39.8	2.24	2.17	2.17
Gas (7)	131.7	131.4	132.2	4.48	4.49	4.46
Iron and steel (12)	72.3	79.4	79.8	4.08	3.75	3.74
Home rails (4)	66.1	69.5	73.3	1.62	1.54	1.53
Stores and catering (20) ..	87.1	85.1	84.9	3.60	3.68	3.67
Breweries & distilleries (21)	146.0	148.5	149.2	3.99	3.95	3.93

The outstanding feature of the week is the sharp rise in the railways group, under the influence of the rating assessment, the proposed wages agreements and good traffics. The cotton group has slipped back after a three weeks' rise, and Stores and Catering shares are fractionally lower.

COMPANY NOTES

Agricultural Feeding Stuff Companies.—The makers of agricultural feeding stuffs rely almost entirely on the home market for their sales, exports of their products being very much smaller than the imports which this country makes to supplement its domestic output. The trade has thus been able to benefit from the steadily expanding trend in the cattle population of the United Kingdom and Northern Ireland, which rose from 7,764,000 head in 1922 to 8,659,000 in 1935, the 1934 figure having been somewhat higher at 8,742,000. In addition to this extensive growth of the market, some intensive growth may be expected from the measures now being taken to increase the consumption of liquid milk, since the feeding of special foods to dairy cows is generally considered to show a profit. There is also a tendency for special diet foods to increase sales. Cattle foods are produced only in part by the cattle food trade proper, a large proportion of seed-cake coming from the oil-crushing trade as a by-product and other foods as a by-product of the flour millers and beet-sugar factories. The seed-cake is used partly as a raw material for the production of more specialised cattle foods, but is also itself used for cattle food without further preparation.

(Profits in £'000)							
	1930	1931	1932	1933	1934	1935	1936
Brit. Feeding Meals (Sept. 30):							
Earned for divs.	††	5.4*	Dr 5.7	0.5*	10.3	6.1	...
Earned % on ord.	††	3.2*	Nil	Nil	Nil	Nil	...
Div. %	...	Nil	Nil	Nil	Nil	Nil	...
Brit. Oil and Cake (Dec. 31):							
Earned for ord.	Dr 249.4	362.8	210.9	19.7	162.9	273.4	...
Earned %	Nil	13.8	8.0	0.7	6.0	10.1	...
Div. %	Nil	10	8	Nil	6	10	...
Croftfields Oil Cake (March 31):							
Earned for div.	16.9	7.5	20.3	5.4	6.2	12.9	11.6
Earned %	21.8	9.7	27.1	7.1	8.0	16.7	15.2
Div. %	...	...	...	...	...	...	...
Molassine (Mar. 31):							
Earned for ord.	3.4	3.9	3.8	2.2	2.7	4.6	4.5
Earned %	18.4	22.2	21.8	13.4	15.1	26.8	26.1
Div. %	17.2	17.2	14.8	7.7	10.9	17.2	17.2
United Premier (Dec. 31):							
Earned for ord.	Dr 40.1**	28.0**	8.3	Dr 0.8	23.9	59.1	...
Earned %	Nil	4.9**	1.5	Nil	16.4	40.6	...
Div. %	Nil	Nil	Nil	7†	10§	...	...

†† No financial period ended in this calendar year. * Broken period adjusted to 12 months' rate. ** After normal pref. divs. § And capital bonus of 5 per cent. in these years.

In such a trade the cost of the raw material represents a fairly high proportion of total costs, since for ordinary seed-cake the manufacturing process is not expensive. The

trade is therefore dependent for its profits on maintaining a margin between a raw material subject to considerable market fluctuations and a finished product in which prices, though allowing for fluctuation, are less flexible than those of the raw material. The present position is that the prices of oilseeds and imported cake are tending to rise and are in all cases above the level of last year. British-made linseed cake has been increased in price three times in the last quarter, but is not substantially above the prices ruling in the middle of last year. It would appear possible, therefore, that margins are, temporarily at least, narrowed. On the other hand, the virtual certainty that the current hay crop will be of poor quality should make for improved demand for cattle feedstuffs later in the year. The accompanying table of profits demonstrates the wide fluctuations to which the earnings of the trade are subject, and suggests that the shares are not suited to the general investor. Too much depends on price movements in somewhat obscure markets and on such intangibles as prudent buying policy, or the reverse.

Guinness and Watney.—The market has mollified its slight disappointment on the mere maintenance of the Guinness dividend and earnings by seeking consolation in an impressive Watney Combe Reid report. The former concern reports a total income, including dividends and other receipts, of £2,180,047—an increase of no more than £7,000. This result was received coolly by those hopeful operators who had, apparently, expected Park Royal to yield its full fruits immediately. Although this level of earnings is, in itself, a sound achievement, the static nature of profits has deflected the market's attention to the considerable balance-sheet changes. The Watney Combe Reid results, on the other hand, reveal a recovery which is up to the best expectations. Total profits have increased from £2,446,645 to £2,531,011, while equity earnings represent 29.1 per cent., against 32.1 per cent. for the previous year. The increased 18 per cent. dividend is thus covered by the customary handsome margin. A comparative analysis of the latest accounts of each company follows:—

	Arthur Guinness Son		Watney Combe Reid	
	1935	1936	1935	1936
Total Profits ...	2,173,114	2,180,047	2,446,645	2,531,011
Fees	5,000	5,000	15,000	15,000
Trade Expenses, etc.	8,819	7,620	752,883	724,753
Repairs and Depreciation ..	1,460,835	141,554	300,808	337,888
Compensation and licences ..	...	...	40,420	34,286
Debt and other interest ..	...	...	293,611	290,158
Preference Dividends	93,000	92,250	211,683	211,683
Ordinary Shares†:—				
Earned	1,920,210	1,933,623	832,460	917,262
Paid	1,685,625	1,669,688	509,666	573,374
Earned %	33.9	33.6	29.1	32.1
Paid %	29	29	16	18
Reserve	200,000	200,000	300,000	350,000
Carried Forward	846,309	910,244	324,445	318,334

† Deferred ordinary for Watney Combe Reid.

If the Guinness revenue account lacks some of its usual lustre, the balance sheet makes handsome atonement. Premises and plant are nearly £1,400,000 higher at £8,712,799, before deducting the depreciation reserve of £1,601,090. Cash resources, by contrast, have been reduced from £2,215,000 to £1,082,000, and amounts due from subsidiaries (which showed a sudden increase last year) are considerably lower. Both in liquid assets and in presumptive inner reserves—creditors and provisions for taxation and contingencies appear at £2,693,580—the Guinness balance sheet rivals that of any industrial concern. The ordinary stock units are quoted at 154s. 6d. to yield £3 17s. per cent., while Watney Combe Reid deferred ordinary stock stands at 85s. 3d., yielding £4 7s. per cent. Are these valuations reasonable?

—And the Brewery Share Outlook.—Investors may well feel confident that the new Guinness undertaking is destined, in time, to produce important economies, both in transport and internal costs. At present, however, the plant is still operating experimentally, and stockholders,

while rightly remaining confident, must still exert their patience. Guinness stock ranks among the soundest long-term equities in the industry. Other brewery concerns—following Watney Combe Reid's example—may, however, produce better recoveries during the current year. The argument has been advanced in the *Economist* that the secular decline in the consumption of beer might, eventually, lead to a greater stability of profits than has been experienced in the past. There is, however, reason to suppose that the improvement of the past two years will be maintained during the next twelve months. Recovery—particularly in the heavy industries—has already produced a rise in beer consumption and will almost certainly encourage a further increase in coming months. Admittedly, the dry summers of 1934-35 have not been repeated this year, and there is the possibility of a check in the July brewing return. But recovery factors will probably produce a satisfactory rise in the year's output. Again, between 1924 and 1935 the number of breweries brewing was reduced from 2,148 to 1,144—a fall which greatly exceeds the drop in consumption. This combination of increasing efficiency in brewing and distribution and rising purchasing power suggests that the profits outlook for the current year is reasonably bright. This is likely to apply particularly in the large steel and engineering centres, and a policy of regional selection may well be advantageous.

Associated British Picture Progress.—Shareholders in this concern were already prepared for a good report, for last February's debenture stock prospectus envisaged an increase of "not less than £200,000" in profits for the year to March last, while the raising of the total dividend to 12½ per cent. was announced earlier this week. The report now published is distinctly impressive. Total profits have increased from £656,725 to £926,483 (figures which in turn compare with £573,198 for 1933-34), while the amount earned for the ordinary shares is more than doubled at £396,851. Increased provision is made for depreciation, and debenture interest and preference dividends have cost more owing to new issues made during the year. Investors may conclude that the past year's progress, which is analysed in the following table, is due in large measure to the exhibiting and renting departments:—

	Years to March 31st,		
	1934	1935††	1936
Profit and dividend receipts	156,967	656,725†	926,483
Taxation and fees	25,534	93,398	71,405
Depreciation	...	125,000	150,000
Mortgage and debenture interest ..	...	192,573	215,227
Preference dividend	48,456	65,827	93,000
Ordinary shares:—			
Earned	82,977	179,927	396,851
Paid	72,075	120,125	148,703
Earned (%)	6.9	15.0	33.4
Paid (%)	6	10	12½
General reserve	Nil	162,806	200,000
Carried forward	36,787	83,481†	91,998*

* After writing off £39,631 new issue expenses. † Compares with £573,198 in previous year. †† After crediting £149,698 undistributed profits of Associated British Cinemas. †† Figures for 1934-35 include revenue of Associated British Cinemas.

The consolidated balance sheet shows an increase in buildings and plant from £6,870,653 to £7,945,227, and a comparable increase is recorded in the company's balance sheet. This advance represents the acquisition of further cinemas during the past year. As a result, the group now controls 283 cinemas, and further additions are now being completed. Although the board has treated the current year's profits conservatively, investors will note that the general reserve of £1,200,000 compares with an ordinary capital of £1,550,000. The group's finance has been well devised, its current position has improved, and it should experience favourable conditions over the next twelve months. A quotation of 12s. for the 5s. shares (yielding £5 9s. per cent.) appears a reasonable valuation for a progressive share in a speculative industry.

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Tootal Broadhurst Lee.—Many Lancashire concerns might draw an instructive lesson from the latest results of this company. By concentrating its attention on the home market, producing special fabrics and branded goods, and developing an efficient sales organisation, the company has not merely avoided the wrath to come, but, on a modest recovery in textile trade conditions, has achieved the highest profits for many years. In 1930-31, total earnings were no higher than £36,616; the latest reports shows a total of £217,696. Ordinary share earnings have increased from £84,682 to £119,516 during the past year, and the ordinary dividend of 10 per cent., paid for the fourth year in succession, is covered with a surplus of 8.4 per cent. The recent profits trend is apparent from the following table:—

	Years to June 30th		
	1934	1935	1936
Total profit	136,647	168,514	217,696
Employees' bonus	20,000	20,000	20,000
Taxation	30,000	44,000	60,000
Interest	4,566	4,332	2,805
Preference div.	15,250	15,500	15,375
Ordinary shares*—			
Earned	66,831	84,682	119,516
Paid	65,844	65,844	65,042
Earned %	10.1	12.9	18.4
Paid %	10	10	10
Reserve	Nil	Nil	25,000
Carried forward	18,773	37,611	67,085

* Including employees' shares

The balance sheet is impressive. Net liquid assets total almost £1 million, of which £600,000 is in cash and trustee securities. The rise in profits during the past two years has been accompanied by a fall in stocks and stores from £835,000 to £709,000. It is a fair inference, therefore, that an increased rate of turnover has contributed its quota to rising profits and reduced costs. At 51s. 6d. the £1 shares yield approximately 4 per cent. and rank as one of the best investments in the cotton industry.

Other Company Results.—Our table of company profits, on page 287, includes the results of 15 additional concerns. *Gabriel Wade and English* show an improvement in net earnings from £56,157 to £67,700 and maintain the dividend at 5 per cent. The accounts of *Riley (Coventry)* cover an 18 months' period. They show net profits of £68,898, compared with the previous twelve months' profit of £40,504. A dividend of 20 per cent. paid for the period compares with the same rate for the previous year. In the textile group, *Fras. Hinde and Hardy* have issued a disappointing report, but *York Street Flax Spinning* shows an improvement in profits. The net earnings of *T. Greenwood (Millers)* have also been significantly reduced to £44,955, entailing a reduction in the ordinary dividend.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET AUGUST 11 | ACCOUNT AUGUST 13

THE end of an active account, coupled with the usual holiday influences, has produced somewhat irregular market conditions, although price changes, on balance, have not been extensive. A hesitant note was introduced by the fear of international complications arising out of the Spanish rebellion, and where new buying appeared, it was usually insufficient to offset the moderate technical straightening-up which remained from over the holidays. Dull conditions in the gilt-edged market, an advance in home rails, and selective buying of a handful

(Continued on page 280)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption, where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935				Prices, Year 1936 Jan. 1 to Aug. 4, inclusive				Name of Security	Price, July 29, 1936	Price, Aug. 4, 1936	Rise or Fall	Yield Aug. 4, 1936	Prices, Year 1936 Jan. 1 to Aug. 4, inclusive				Name of Security	Price, July 29, 1936	Price, Aug. 4, 1936	Rise or Fall	Yield Aug. 4, 1936		
High-Low		High-Low		High-Low		High-Low							High-Low		High-Low								
High	Low	High	Low	High	Low	High	Low						(a)	(b)	(c)	(d)						(a)	(b)
British Funds																							
94 1/2	80	87 1/2	83 1/2	Consols 2 1/2	85	85	...	5 1/2	45/8	35/-	5(a)	5(b)	Bank of N. Zealand £1	35/-	35/-	...	4 11 6	0					
118 1/2	109 1/2	116 1/2	113 1/2	Do. 4% Red. at par on or after Feb. 1937 (n)	114 1/2	114 1/2	...	3 1/2	80/3	74 1/2	6(a)	6(b)	Bank of England Stk.	377	377	...	3 4 0	6					
103 1/2	97 1/2	102 1/2	101 1/2	Conversion 2 1/2 1944-49	101 1/2	101 1/2	...	2 1/2	48/9	43 1/2	7(a)	7(b)	Barclay B. (£1)	80/-	79 1/2	-6d	3 10 6	0					
107 1/2	100 1/2	105 1/2	103 1/2	Do. 3% 1948-53	103 1/2	103 1/2	...	2 1/2	104	95 1/2	8(a)	8(b)	Bk. of Australia (£5)	47 1/2	46 1/2	-6d	4 2 6	0					
112 1/2	108 1/2	110 1/2	104 1/2	Do. 3 1/2 after 1961 (s)	108 1/2	108 1/2	...	3 1/2	43 1/2	37 1/2	9(a)	9(b)	Bk. of Montreal (\$100)	38 1/2	38 1/2	...	4 3 0	6					
114 1/2	108 1/2	111 1/2	108 1/2	Do. 4% 1940-44	109 1/2	109 1/2	...	2 1/2	27 1/2	24 1/2	5(c)	5(d)	Bk. of N.S. Wales (£20)	26	26	...	3 1 6	0					
124 1/2	115 1/2	121 1/2	117 1/2	Do. 5% 1944-64	118 1/2	118 1/2	...	2 1/2	95 1/2	76 1/2	6(c)	6(d)	British Overseas A £5	77 1/2	77 1/2	...	7 15 0	0					
106 1/2	98 1/2	102 1/2	99 1/2	Funding 2 1/2 1956-61	103 1/2	103 1/2	...	2 1/2	15 1/2	12 1/2	7(a)	7(b)	Chtd. of India (£5)	14 1/2	15 1/2	+	4 15 6	0					
121 1/2	111 1/2	118 1/2	116 1/2	Funding 3 1/2 1959-60	103 1/2	103 1/2	...	2 1/2	16 1/2	13 1/2	8(a)	8(b)	Comel. Bk. of Aus. (£1)	14 1/2	14 1/2	...	3 14 0	0					
119 1/2	110 1/2	117 1/2	113 1/2	Funding 4 1/2 1960-90	117 1/2	117 1/2	...	2 1/2	91 1/2	85 1/2	9(a)	9(b)	District A (£5) pd.	90/-	90/-	...	3 12 9	0					
110 1/2	101 1/2	108 1/2	104 1/2	Victory Bonds 4%	116 1/2	116 1/2	...	2 1/2	56 1/2	52 1/2	10(a)	10(b)	Do. B £1 fully paid	55 1/2	55 1/2	...	3 10 6	0					
108 1/2	98 1/2	102 1/2	99 1/2	War Loan 3 1/2 after 1952(p)	108 1/2	108 1/2	...	2 1/2	96 1/2	92 1/2	11(a)	11(b)	Eng. Scot. & Aust. £5 3pd	85 1/2	85 1/2	...	3 10 6	0					
100 1/2	90 1/2	97 1/2	94 1/2	Local Loans 3%	98 1/2	98 1/2	...	2 1/2	11 1/2	10 1/2	12(a)	12(b)	Hambros £10 £24 paid	11 1/2	11 1/2	...	3 18 0	0					
104 1/2	100 1/2	103 1/2	101 1/2	Austria 3% 1933-53	102 1/2	102 1/2	...	2 1/2	110 1/2	95 1/2	13(a)	13(b)	Hong. & S. (£125)	110 1/2	110 1/2	...	5 7 0	0					
86 1/2	76 1/2	82 1/2	78 1/2	India 2 1/2	73 1/2	73 1/2	...	2 1/2	64 1/2	61 1/2	14(a)	14(b)	Lloyds £5, with £1 pd.	63 1/2	63 1/2	...	3 16 0	0					
95 1/2	87 1/2	92 1/2	89 1/2	Do. 3%	87 1/2	87 1/2	...	2 1/2	8 1/2	8 1/2	15(a)	15(b)	Martins £20 £24 pd.	91 1/2	91 1/2	...	3 13 6	0					
100 1/2	90 1/2	96 1/2	93 1/2	Do. 3 1/2	99 1/2	99 1/2	...	2 1/2	98 1/2	91 1/2	16(a)	16(b)	Midland £1, fully pd.	92 1/2	92 1/2	...	3 9 0	0					
104 1/2	94 1/2	100 1/2	96 1/2	Do. 4%	109 1/2	109 1/2	...	2 1/2	3 1/2	4 1/2	17(a)	17(b)	Nat. of Egypt £10	44 1/2	44 1/2	...	4 19 0	0					
108 1/2	98 1/2	102 1/2	99 1/2	Do. 4 1/2 1958-68	118 1/2	118 1/2	...	2 1/2	46 1/2	42 1/2	18(a)	18(b)	Nat. of India (£25 £12 pd)	92 1/2	92 1/2	...	3 16 0	0					
108 1/2	98 1/2	102 1/2	99 1/2	U.K. & Arg. A (£1947)	105	105	...	2 1/2	16 1/2	15 1/2	19(a)	19(b)	Nat. Prov. £20 £4 pd.	15 1/2	15 1/2	...	3 9 6	0					
113 1/2	106 1/2	112 1/2	109 1/2	Dom. & Colonial Govts.	110	110	...	2 1/2	50 1/2	46 1/2	20(a)	20(b)	Royal Bk. of Scotland	492	492	...	3 17 0	0					
108 1/2	102 1/2	106 1/2	102 1/2	Australia 5% 1945-75	103 1/2	103 1/2	...	2 1/2	16 1/2	15 1/2	21(a)	21(b)	St. of S. Afr. £20 £5 pd.	15 1/2	15 1/2	+	3 16 0	0					
110 1/2	102 1/2	106 1/2	102 1/2	Canada 4% 1940-60	103 1/2	103 1/2	...	2 1/2	98 1/2	90 1/2	22(a)	22(b)	Westminster £4 £1 pd.	95 1/2	95 1/2	...	3 17 0	0					
112 1/2	104 1/2	108 1/2	104 1/2	Gold Coast 4 1/2 1958	114 1/2	114 1/2	...	2 1/2	3 1/2	3 1/2	23(a)	23(b)	Alexanders £2 £1 pd.	92 1/2	92 1/2	...	4 2 3	0					
115 1/2	107 1/2	111 1/2	109 1/2	Nigeria 5% 1950-60	118 1/2	118 1/2	...	2 1/2	95 1/2	88 1/2	24(a)	24(b)	National £2 £1 fly. pd.	64 1/2	64 1/2	...	4 4 6	0					
110 1/2	102 1/2	106 1/2	102 1/2	N. Zealand 5% 1946	110 1/2	110 1/2	...	2 1/2	3 1/2	3 1/2	25(a)	25(b)	Union £1 of stock	54 1/2	54 1/2	-6d	...	0					
118 1/2	113 1/2	117 1/2	114 1/2	Queensland 5% 1940-60	108 1/2	108 1/2	...	2 1/2	55 1/2	53 1/2	26(a)	26(b)	Alliance £1, fully pd.	32 1/2	32 1/2	...	2 15 9	0					
118 1/2	113 1/2	117 1/2	114 1/2	S. Africa 5% 1945-75	115 1/2	115 1/2	...	2 1/2	18 1/2	17 1/2	27(a)	27(b)	Atlas £5, £1 pd.	15 1/2	15 1/2	...	2 11 6	0					
101 1/2	98 1/2	103 1/2	99 1/2	Foreign Governments	101	101	...	2 1/2	3 1/2	3 1/2	28(a)	28(b)	Com. Un. £1, fully pd.	11 1/2	11 1/2	...	3 12 6	0					
101 1/2	98 1/2	103 1/2	99 1/2	Australia 4% Rec. 1952	101	101	...	2 1/2	7 10 0	32 1/2	30(a)	30(b)	Gen. Accident £5, £1 pd.	26 1/2	26 1/2	...	2 14 0	0					
101 1/2	98 1/2	103 1/2	99 1/2	Argentina 7% 1957	94 1/2	94 1/2	...	2 1/2	5 10 0	16 1/2	31(a)	31(b)	Lon. & Lanc. £5, £2 pd.	37 1/2	37 1/2	+	2 4 0	0					
89 1/2	81 1/2	87 1/2	83 1/2	Do. 4% 1934-59	87 1/2	87 1/2	...	2 1/2	5 6 8	12 1/2	32(a)	32(b)	N. Brit. & Mer. £1, fly. pd.	14 1/2	14 1/2	...	3 11 3	0					
112 1/2	106 1/2	111 1/2	107 1/2	B. Aires (Prov.) 3 1/2	67 1/2	67 1/2	...	2 1/2	6 8 3	38 1/2	33(a)	33(b)	Northern £10, £1 pd.	22 1/2	22 1/2	...	2 4 3	0					
20 1/2	14 1/2	20 1/2	14 1/2	Belgium 7% red by 1956	107 1/2	108 1/2	+	2 1/2	15 15 0m	38 1/2	34(a)	34(b)	Pearl £1, fully pd.	128 1/2	128 1/2	...	3 15 0	0					
84 1/2	78 1/2	82 1/2	76 1/2	Bulgaria 7 1/2 Loan	16 1/2	16 1/2	...	2 1/2	7 5 0	22 1/2	35(a)	35(b)	Phoenix £1, fully pd.	17 1/2	17 1/2	-1	3 15 0	0					
23 1/2	13 1/2	20 1/2	10 1/2	Brazil 5% Fund. 1914	70 1/2	69 1/2	...	2 1/2	12 1/2	12 1/2	36(a)	36(b)	Prudential £1 A	38 1/2	38 1/2	...	2 9 3	0					
91 1/2	85 1/2	89 1/2	83 1/2	Chili 6% (1929)	17 1/2	17 1/2	...	2 1/2	11 1/2	10 1/2	37(a)	37(b)	Do. £1, with 4s. paid	112 1/2	112 1/2	...	1 11 1/2	0					
100 1/2	94 1/2	98 1/2	92 1/2	China 5% (1912)	78 1/2	77 1/2	-1	2 1/2	5 11 6f	18 1/2	38(a)	38(b)	Royal £1, 10% pd.	9 1/2	9 1/2	...	3 7 6	0					
113 1/2	107 1/2	111 1/2	105 1/2	Do. 5% (1913)	90 1/2	90 1/2	...	2 1/2	8 4 6f	40 1/2	39(a)	39(b)	Sea Insur. £1, fully pd.	5 1/2	5 1/2	...	3 8 6	0					
103 1/2	97 1/2	101 1/2	95 1/2	Czechoslovakia 8%	98 1/2	99 1/2	+	2 1/2	12 1/2	12 1/2	40(a)	40(b)	Sun Insur. £1 with 5% pd.	4 1/2	4 1/2	...	2 16 9	0					
89 1/2	83 1/2	87 1/2	81 1/2	Danish 3%	110 1/2	110 1/2	...	2 1/2	10 17 0f	11 1/2	41(a)	41(b)	Life Assur. £1, fly. pd.	8 1/2	8 1/2	...	1 18 6	0					
109 1/2	103 1/2	107 1/2	101 1/2	Danish 6%	61 1/2	61 1/2	...	2 1/2	3 1/2	3 1/2	42(a)	42(b)	Yorkshire £1, fully pd.	20 1/2	20 1/2	...	2 7 6	0					
30 1/2	24 1/2	28 1/2	22 1/2	Egypt Unified 4%	108 1/2	108 1/2	...	2 1/2	12 1/2	12 1/2	43(a)	43(b)	Anglo-American, Deb.	270	270	...	3 14 0	0					
78 1/2	72 1/2	76 1/2	70 1/2	German 5% Dawes Plan	31 1/2	31 1/2	...	2 1/2	14 1/2	14 1/2	44(a)	44(b)	Anglo-Celtic Ord.	67 1/2	67 1/2	...	3 14 0	0					
58 1/2	52 1/2	56 1/2	50 1/2	Do. 5% (Young Plan)	37 1/2	38 1/2	+	2 1/2	14 12 0	21 1/2	45(a)	45(b)	Atlas Electric, etc. £1	6 1/2	6 1/2	...	Nil	0					
37 1/2	31 1/2	35 1/2	29 1/2	Greek 6% Stab. Ln.	33 1/2	33 1/2	...	2 1/2	18 1/2	18 1/2	46(a)	46(b)	Brit. Assets Trust 5/-	16 1/2	16 1/2	...	0 18 6	0					
45 1/2	39 1/2	43 1/2	37 1/2	Do. 7% Refugee	41 1/2	41 1/2	...	2 1/2	21 1/2	21 1/2	47(a)	47(b)	Debutent Corp. Stk.	246 1/2	246 1/2	...	4 1 0	0					
81 1/2	75 1/2	79 1/2	73 1/2	Hungary 7%	43 1/2	43 1/2	-1	2 1/2	8 1/2	8 1/2	48(a)	48(b)	For. Am. Invest. etc. Def.	147 1/2	147 1/2	+	3 16 6	0					
91 1/2	85 1/2	89 1/2	83 1/2	Japanese 5% 1938-60	82 1/2	82 1/2	...	2 1/2	7 0 0f	280	255	49(a)	49(b)	Guardian Investment	178 1/2	178 1/2	...	4 1 6	0				
144 1/2	138 1/2	142 1/2	132 1/2	Do. 6% (1924) red 1959	130 1/2	130 1/2	...	2 1/2	7 1 6	80 1/2	59	50(a)	50(b)	Indus. and Gen. Ord.	268	268	...	3 18 9	0				
100 1/2	94 1/2	98 1/2	92 1/2	Norwegian 4% 1911	130 1/2	130 1/2	...	2 1/2	7 8 1/2	5 1/2	51(a)	51(b)	Invest. Trust Def.	305	305	...	4 8 0	0					
164 1/2	158 1/2	162 1/2	152 1/2	Peru 7% 1922	42 1/2	42 1/2	...	2 1/2	17 1/2	13 1/2	52(a)	52(b)	Lake View Invest. 10/-	17 1/2	17 1/2	...	3 16 6	0					
144 1/2	138 1/2	142 1/2	132 1/2	Polar 7%	63 1/2	63 1/2	...	2 1/2	23 1/2	24 1/2	53(a)	53(b)	Mercantile Investment	275 1/2	275 1/2	...	4 6 6	0					
113 1/2	107 1/2	111 1																					

(Continued from page 277)

of leading industrials produced the traditional holiday atmosphere.

Gilt-edged securities were steady in mid-week, but the Sydney scrip reacted and interest in Home corporation issues became slack. In the foreign bond market a smart rise occurred in Poland Sevens, attributed to buying for the sinking fund. Greek issues were dull on political developments, but Chinese bonds, despite news of the civil war, remained firm. French Renten shared in the general weakness on the Paris Bourse.

The Home Rail market forgot its disappointment with the Great Western statement, and re-opened under the stimulus of the Tribunal's award on the wages question. Coupled with the excellent traffics, this produced a general rise, particularly in "Berwick" stocks, but there was a slight reaction towards the end of the account. Among foreign rails, Argentine issues attracted most attention on the sharp improvement in the price of wheat, and favourable exchange movements.

The industrial markets have been fairly quiet, but there have been many bright spots. The iron and steel section has been quieter, and prices gave way slightly at the end of the account. Tube Investments were prominent in mid-week. Motor issues have been in good demand, Standard on dividend hopes, and Leyland on the good export trade results for the past six months. The aviation group has been idle. Electrical equipment issues have attracted considerable attention and most prices have improved; Crompton Parkinson have been in the lead, and Associated Electrical Industries gained on the offer to exchange shares with Edison Swan. Electrical supply shares were idle.

The breweries section was encouraged by the June output figures, and by the dividend announcements, and most prices improved. There was further evidence of support from the provinces, and Distillers made progress. Stores and Catering issues were not very active, and prices moved irregularly. Leading textile shares have been quiet but firm, although they sagged slightly before the holiday. In mid-week there was a slight improvement. Rayons were a little harder when business opened this week, but gave way later. Business in the miscellaneous industrials section was cheerful at the beginning of the week. Triplex continued in marked favour, and London Brick gained ground with several other building material issues. Turner and Newall weakened on the new issue proposals, and British Oxygen reacted slightly in mid-week. Profit-taking developed toward the end of the account, and there were numerous slight losses.

After a quiet session on the eve of the holiday, the oil shares market re-opened this week in an unexpectedly cheerful mood, and there was keen buying of Mexican Eagle, in hope of a rapid settlement of the labour troubles, of Shell, and Trinidad issues. Among the latter Leaseholds touched a new "high." In mid-week a reaction set in, under the influence of movements on Wall Street; European news was hardly encouraging, and support from the Continent slackened. Business in both the rubber and the tea share markets was extremely dull, and there are no signs of revival.

The Kafir market was quiet and firm at the opening of business this week, but reacted in mid-week, through lack of support from the Cape and Paris, and prices drifted downward. Far Western issues seemed to be adversely affected by the terms of the Libanon flotation, and the more or less satisfactory July returns did not lead to much support. Later in the week support from the Cape was renewed, and various issues improved, notably Venterspost, and West Witwatersrand. Marievale, however, fell sharply on the latest cable. Business in Rhodesian copper issues was brisk at the opening of the week, but tailed off later. Tin shares continue to be overshadowed by the difficulties of the restriction scheme, and prices move irregularly.

On the Paris Bourse, industrial share prices continue to fall, and business this week has been very dull. In Berlin there was general weakness at the opening of this week, but in mid-week many prices recovered. Prices were very firm on the Amsterdam Stock Exchange on Monday and Tuesday, led by industrials, sugar and rubber securities; but in mid-week a general reaction set in.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists							
	Week to July 31	July 30	July 31	Aug. 3	Aug. 4	Aug. 5	Aug. 6
Govt. and Municipal	5,231	1,359	1,147	Bank Holiday	1,160	1,113	1,056
Transport, etc.	4,979	1,087	931		992	1,034	1,084
Comm. and Ind.*	22,263	4,552	4,317		3,928	3,966	4,356
Banks and Ins.	2,376	468	475		515	597	576
Mines	5,639	1,053	1,169		1,164	884	956
Oil	1,234	225	214	Bank Holiday	299	204	223
Rubber and Tea	980	205	134		348	266	266
Total	42,702	8,949	8,387	...	8,406	8,044	8,517
Corres. day 1935 ...	...	8,355	8,428	...	7,487	7,990	8,089

* Including Steels and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY SHARES. (July 1, 1935 = 100)

Highest†	Lowest†	July 30	July 31	Aug. 3	Aug. 4	Aug. 5	Aug. 6
115.2	107.4	113.9	114.5	Bank Holiday	114.8	114.8	114.6

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest†	Lowest†	July 30	July 31	Aug. 3	Aug. 4	Aug. 5	Aug. 6
138.4	136.2	137.5	137.5	Bank Holiday	137.6	137.6	137.7

† July 23. † January 2. † February 10. † June 26.

AMERICAN STOCK EXCHANGES

NEW YORK

THE drought was the major factor influencing prices on Wall Street during the past week. A reaction in farm implement, packing, and mail order securities occurred at the end of last week on estimates of heavy damage. Business has continued irregular this week, although shares directly affected by the drought improved temporarily as rain fell in some areas. Company news is still very good, but for the time being operators are exercising great restraint and buying is very selective. The news from Spain has naturally checked the market, and the labour union quarrel is still open. Steel mill activity continues at about last week's level, freight car loadings increased by 10,660 on a week ago, automobile output is about 30 per cent. higher than a year ago, and electricity output 14.5 per cent. higher than for the corresponding week of last year. But the combined bear forces are holding the markets back. In mid-week an improvement against the market trend was shown by Union Pacific, Allied Chemical and International Cement. Business on the bond market has been quiet, with Treasury issues firm.

July 29, Aug. 5, Aug. 6, 1936 (Close) (Close) (Latest)				July 29, Aug. 5, Aug. 6, 1936 (Close) (Close) (Latest)			
1. Rails & Trans.				4. Manufacturing			
Aitchison	85	83½	84½	Briggs	54½	52½	52½
Balt. and Ohio	21½	20½	21½	Chrysler	120½	116½	116½
B.M.T.	52½	51½	51½	Electric Autolite	40½	38½	38½
Can. Pacific	12½	12½	12½	General Motors	70	67½	68½
Ches. and Ohio	67½	66½	67½	Hudson Motor Car	16½	17	17½
Cl. N.Y. Rly. Pk.	39½	41	41½	Murray Corp.	18½	17½	18
Illinois Central	24½	23½	23½	Nash Motors	10½	10½	10½
N.Y. Central	39½	39½	40½	Packard Motor Car	10½	10½	10½
Nor. Pac.	27½	26½	26½	Bendix Aviation	28½	29½	29½
Pennsylvania R.R.	36½	36	36½	Boeing Airplane	28½	30½	31½
Southern Pac.	40½	39½	40½	Douglas Aircraft	78½	72½	74½
Southern Rly.	19½	20½	20½	United Aircraft	28½	26½	27½
Union Pac.	140½	140½	140½	Air Reduction	78	78	77½
Greyhound Corp.	61½	58	58	Allied Chemical	221	226	232
				Col. Carbon	128	127½	128½
				Comm. Solvents	152	151	151½
				Dupont	165	165½	166½
				Union Carbide	96½	95½	97½
				U.S. Ind. Alcohol	34	34	34½
				Allis Chalmers	51½	53½	56
				General Electric	43½	43½	43½
				Westinghouse	138½	139	139½
				American Can.	125½	125½	125½
				Addressograph	27	24½	24½
				Caterpillar	75½	75	74½
				Cont. Can.	76½	70	70½
				Ingersoll Rand	133	134	136½
				Intnl. Harvester	84½	82	82
				Johns Manville	117½	117	115½
				Am. Radiator	22½	22½	22½
				Corn Products	67	68½	68½
				J. I. Case and Co.	166	166	166
				Glidden	41½	41½	41½
				Gen. Am. Transp.	55½	54½	54½
				Allied Mills	24½	24½	24½
				Celanese of America	25½	24½	25½
				Ind. Rayon New	28½	28½	28½
				Colgate Palmolive	14½	14½	14½
				Eastman Kodak	177½	179½	179½
				Gillette	14½	14½	14½
				Kelvinator	21½	20½	21
				Lambert Co.	16½	17	17½
				Loews	52	53½	54½
				20th Century Fox	26½	27½	27½

3. Extractive and Metals Industries

Am. Rolling Mills	27½	27½	27½
Beth. Steel	55½	54½	55½
Beth. Steel Pref.	116	118	118
Republic Steel	21½	21½	21½
U.S. Steel	64½	66	66
U.S. Steel Pref.	129½	131	131
Alaska Juneau	13½	14½	14½
American Metal	31½	31½	31½
American Smelting	87	87	87
Anaconda	39	37½	38½
Bohn Aluminum	47	45½	46½
Cerro de Pasco	52½	52½	52½
Int. Nickel	50½	50½	50½
Kennecott	44½	43½	44½
Patio Mines	11	12	11½
Texas Gulf Sulph.	36	36	36
U.S. Smelt.	76	74	74½
Vanadium Corp.	20	20	20
Atlantic Refining	28½	28½	28½
Phillips Petroleum	44	44½	44½
Shell Union	19	18½	18½
Shell Union Pref.	122½	122	122
Sonny Vacuum	14½	14½	14½
Stand. Oil Calif.	38½	37½	37½
Stand. Oil N.J.	63½	62½	62½
Texas Corp.	39½	38½	38½

5. Retail Trade and Food

Montgomery Ward	46½	46	46½
J. C. Penney Co.	90½	89½	89½
Sears Roebuck	89	81½	81½
United Drug	14½	14½	14½
Walgreen	33½	33½	33½
Woolworth	54½	52½	53½
Borden	31	31½	31½
Gen. Foods	38	38	38
Kroger Grocery	21½	21½	21½
Nat. Biscuit	32½	32	32
Nat. Dairy	26½	26½	26½
Standard Brands	16	16	15½
Am. Tobacco B.	101½	103	102½
Liggett Myers B.	108½	109½	109½
Lorillard	24½	23	23
Reynolds Tob. B.	55½	55	55
National Distillers	27	27	27
Schenley Distillers	38½	38	38½

6. Finance

Commercial Credit	70½	73½	73½
Atlas Corp.	14	13	14
Com. Invest. Trust	79½	78	78½

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

	1935		1936		Be- ginning of Year 1936	July 22, 1936	July 29, 1936	Aug. 5, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest July 29				
851 Industrials ...	74.5(4)	112.3	112.7	128.9	112.3	128.2	128.9	127.9
33 Rails ...	27.4	43.0(w)	42.8	53.7	41.5	53.2	53.7	53.4
37 Utilities ...	52.2	93.6	91.2	109.46	93.6	108.4	109.3	109.4
Total, 421 Stocks	63.1	97.7	97.7	113.3	97.7	112.7	113.3	112.6
Average yield* ...	9.02% (v)	4.06% (v)	3.60% (v)	2.95% (a)	3.22% (a)	3.29% (a)	3.26% (a)	3.30% (a)

* 50 Industrial Common Stock. (i) March 13th. (j) April 29th.
(a) April 8th. (v) November 13th. (w) December 4th. (b) August 5th.

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

Highest*	Lowest†	July 29	July 30	July 31	Aug. 1	Aug. 3	Aug. 4	Aug. 5
151.4	126.2	149.7	150.3	148.7	148.7	149.3	148.9	147.8

TOTAL DEALINGS IN NEW YORK

	July 30	July 31	Aug. 1*	Aug. 3	Aug. 4	Aug. 5
Stock Exchange— Shares (No. Thous.)	1,510	1,610	490	1,000	1,050	1,280
Bonds (Thous. \$) ...	11,620	13,190	4,610	7,730	8,600	9,960
Curb— Shares (Thous.) ...	370	500	143	252	278	313

* Two-Hour Session.

CANADA

THE Canadian stock markets have recently shown their usual midsummer dullness. Movements have been irregular, and the adverse reports on the Western stocks has been a bearish factor. Construction stocks, however, have advanced, and good buying of selected paper and utility stocks has been reported at times. But investors still favour depreciated and defaulted preferred stocks or bonds of companies which are now showing signs of recovery. Bonds have been very firm; the price for Dominion bonds advanced to 117 for June, against 115.9 in May, thus reaching the highest price level since they became a wide domestic market during the war. Mining counters have been strong, and some of the newer gold stocks have enjoyed phenomenal rises for which there seems inadequate justification. The Bureau's "Investors" index for the week ending July 9th stood at 118.5, as compared with 119.2, 119.7 and 118.1 for the weeks ending July 2nd, June 25th and June 18th.

	Price, July 29, 1936			Price, July 29, 1936	Price, July 29, 1936	Eng. Equiv.†
	June 24, 1936	July 29, 1936	Eng. Equiv.†	June 24, 1936	July 29, 1936	Eng. Equiv.†
Bell Telephone ...	148	149	148½	Cockshutt Plow ...	7	5½
Canadian Car and Foundry ...	7½	8	8	Dominion Glass ...	110	110
Do., pref'd ...	16½	18½	18½	International Petro-	36½	33½
Power Corporation ...	13½	15½	15½	leum ...	13½	12½
Dome Mines ...	56½	56	55½	Brasil Traction ...	30	30
Hollinger ...	15½	14½	14½	Do., "A" ...	4	4
McIntyre ...	43½	41½	41½	Do., "B" ...	6½	6½
Bank of Canada ...	57	57	56½	Canada Cement ...	51½	50½
Bank of Montreal ...	191	191	190½	International Nickel	51½	50½
Bank of Nova Scotia ...	286	281	280	Massey Harris Com.	34	34
Royal Bank of Canada ...	175	175	174½	Montreal Light ...	223	215
Canadian Bank of Commerce ...	154	153½	152½	Ogilvie Flour Mills	164	171
Canadian Pacific Ry.	12½	12½	12½	Quebec Power ...	194	20½
				Shawinigan Water	63½	66½
				Steel Co. of Canada	66½	66½

† \$5.00 to £1.

CAPITAL ISSUES

ISSUES OF THE WEEK

January 1 to August 1, 1936 including conversions, Old Basis, £295,782,623.
January 1 to August 1, 1936 excluding conversions, Old Basis, £118,398,536.
January 1 to August 1, 1936 including conversions, New Basis, £308,158,502.
January 1 to August 1, 1936 excluding conversions, New Basis, £214,491,514.

National Savings Certificates, Net receipts week ended August 1, 1936, nil.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
	£	£	£
To the Public	484,393	...	1,695,375
To Shareholders only	550,000	76,075	476,550
By Stock Exchange Introduction	...	...	...
By Permission to Deal	743,925	...	1,390,051
Total Capital raised—			
	Including Conversions	Excluding Conversions	
January 1 to date—			
1936 (New Basis).....	311,797,553	218,053,490	
1936 (Old Basis).....	297,477,998	120,093,911	
1935 (New Basis).....	329,639,919	208,525,757	
1935 (Old Basis).....	247,614,748	122,631,675	
January 1 to date (Old Basis)—			
1934.....	288,909,794	114,387,056	
1933.....	228,279,605	120,856,640	
	Including Conversions	Excluding Conversions	
Whole year (Old Basis)			
1935.....	548,351,393	236,147,637	
1934.....	410,930,060	169,700,700	
1933.....	467,921,500	244,780,500	
1932.....	2,699,684,265a	188,909,963	
1928.....	683,050,050	369,058,073	

OTARD'S

ESTABD 1795

THE BRANDY WITH A PEDIGREE

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended August 1, 1936, amounted to £12,709,000, against ordinary expenditure of £18,387,000. After allowing for a decrease in Exchequer Balances of £402,547, the operations for the week, as shown below, increased the gross National Debt by £5,275,000 to approximately £7,993 millions.*

(000's omitted)	
Public Department Advances ... + 7,300	Treasury Bills - 1,910
	British Shipping Assist. - 115
+ 7,300	- 2,025

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

A complete analysis of the approximate position of the National Debt at June 30, 1936, appeared in the *Economist* of July 4, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to August 3, 1935	April 1, 1936, to August 1, 1936	Week ended August 3, 1935	Week ended August 1, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	33,411,000	28,053,000	4,805,500	4,813,000
Sur-tax	56,500,000	4,930,000	4,980,000	130,000	120,000
Estate, etc., Duties	89,000,000	31,630,000	29,410,000	1,470,000	1,970,000
Stamps	27,000,000	5,350,000	5,750,000	200,000	420,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	120,000	110,000	...	...
Total Inland Revenue	433,000,000	75,441,000	68,343,000	6,609,000	7,329,000
Customs and Excise—					
Customs	207,525,000	66,732,000	69,021,000	3,420,000	3,185,000
Excise	110,000,000	34,305,000	34,020,000	683,000	920,000
Total Customs and Excise	317,525,000	101,037,000	103,041,000	4,103,000	4,085,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	951,000	1,542,000	Dr. 359,000	585,000
Post Office (Net Receipt)	11,238,000	7,450,000	6,900,000	1,540,000	500,000
Crown Lands	1,350,000	510,000	520,000	...	...
Receipts from Sundry Loans	5,000,000	2,716,839	2,031,019	890,750	...
Miscellaneous Receipts	25,250,000	4,522,345	2,096,570	16,481	210,410
Total Ordinary Revenue	798,381,000	192,638,184	184,473,589	12,650,051	12,709,410
SELF-BALANCING REVENUE					
Post Office	69,344,000	18,700,000	20,000,000	700,000	1,650,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	4,980,000	4,790,000	359,000	...
Total Self-balancing Revenue	95,844,000	23,680,000	24,790,000	1,059,000	1,650,000
Total		216,318,184	209,263,589	13,709,051	14,359,410

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to August 3, 1935	April 1, 1936, to August 1, 1936	Week ended August 3, 1935	Week ended August 1, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	93,895,606	92,090,904	8,004,119	7,293,512
Payments to Northern Ireland	7,500,000	1,612,750	1,925,913	...	187,000
Other Consolidated Fund Services	3,200,000	1,179,296	949,829	27,833	27,130
Post Office Fund	600,000	...	...	...	...
Total	235,300,000	96,687,652	94,966,646	8,031,951	7,507,642
Total Supply Services (excluding Post Office)	570,989,000	181,259,800	171,380,100	11,277,000	10,879,100
Total Ordinary Expenditure	806,289,000	257,947,452	266,346,746	19,308,952	18,386,742
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	18,700,000	20,000,000	700,000	1,650,000
Road Fund	26,500,000	4,980,000	4,790,000	359,000	...
Total Self-Balancing Expenditure	95,844,000	23,680,000	24,790,000	1,059,000	1,650,000
Total		281,627,452	291,136,746	20,387,952	20,038,742

† Estimated Expenditure as per Financial Statement (H.C. 77) 797,987,000

Add:—
Supplementary Estimates 33,872,000
Less:—Provision made in the Budget 25,600,000

8,372,000

806,289,000

The aggregate revenue from April 1 to August 1, 1936, is shown below:—

(000's omitted)	
Expenditure	266,347
Revenue	184,474
Decrease in balances	132
Gross borrowing	£84,845
Less:— New Sinking Fund*	2,104
Net borrowing	81,741
	266,347

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1936 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding	Aug. 3, '35	Mar. 31, '36	Aug. 1, '36	Aug. 1, '36
Advances by Bank of England	3,750,000	...	...	...
Advances by Public Departments	22,950,000	19,055,000	34,120,000	+ 7,300,000
Treasury Bills outstanding	887,450,000	763,115,000	805,500,000	- 1,910,000

Total Floating Debt 914,150,000 782,170,000 839,620,000 + 5,390,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on July 31, 1936. The amount applied for was £68,995,000. Tenders were accepted for Treasury bills at three months dated Tuesday to Friday, at £99 17s. 4d., about 82 per cent. and above in full; Saturday, at £99 17s. 5d., and above in full. The average rate per cent. was 10s. 6-35d. The amount allotted was £45,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	78,280,000	30,000,000	0 18 11-5
July 6, 1934	35,000,000	62,745,000	32,000,000	0 18 4-14
January 4, 1935	30,000,000	49,580,000	27,500,000	0 6 1-64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4-32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
April 3, 1936	40,000,000	78,280,000	40,000,000	0 10 2-78
July 3, 1936	50,000,000	72,750,000	50,000,000	0 10 6-11
July 24, 1936	50,000,000	72,970,000	50,000,000	0 10 6-11
July 31, 1936	45,000,000	68,995,000	45,000,000	0 10 6-35

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended July 11, 1936	641,158	£480,868
Week ended July 18, 1936	675,060	£508,295
February, 1936, to July 18, 1936	1,285,722,900	£965,730,013

At the end of June, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,805,272.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, August 5, 1936

ISSUE DEPARTMENT

Notes Issued:—		Government Debt	
In Circulation	454,406,397	11,015,100	
In Banking Department	48,554,030	246,051,088	
		2,350,368	
		583,466	
		280,000,000	
		242,980,427	
		502,980,427	

BANKING DEPARTMENT

Proprietors' Capital		Government Securities	
14,553,000		89,943,310	
Rest	3,606,267	Other Securities:—	
Public Deposits	17,905,824	Discounts and Advances	£8,938,075
Other Deposits:—		Securities	£18,471,999
Bankers	£92,687,605		
Other Accounts	£38,518,319	Notes	27,410,074
		Gold and Silver Coin	48,554,030
			1,043,601
			186,951,015

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

Both Departments	Amount, Aug. 5, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	454,406,397	+ 5,835,638	+ 42,570,456
Public deposits	17,905,824	- 24,686,338	+ 365,398
Bankers' deposits	92,687,605	+ 17,444,534	+ 10,005,388
Other deposits	38,518,319	- 853,152	+ 672,720
Total outside liabilities	603,198,145	- 2,259,318	+ 53,613,992
Capital and rest	181,59,287	+ 35,825	+ 4,725
Government debt and securities	347,008,478	- 7,480,753	+ 1,899,119
Discounts and advances	8,938,075	+ 1,786,773	+ 5,140,238
Other securities	20,822,367	+ 428,028	+ 7,182,493
Silver coin in issue department	583,466	- 48,525	+ 982,580
Coin and bullion (bank's reserves)	244,004,028	+ 3,085,784	+ 80,859,893
Reserves of notes and coin in banking department	49,597,631	- 2,779,854	+ 8,089,437
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	33-3%	No change	+ 3-2%
(b) Gold stocks to deposits and notes ("reserve ratio")	40-5%	+ 0-7%	+ 5-3%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936							
July 15	490,994	443,259	20,392	90,637	40,684	5,394 in	2
" 22	495,767	443,595	19,835	98,213	38,468	4,773 in	2
" 29	499,941	448,571	42,292	75,223	39,371	4,174 in	2
Aug. 5	502,960	454,406	17,606	92,668	38,518	3,019 in	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts and Advances	Other Securities		
1936								
July 15	258,988	278	231,954	39	96,813	5,864	18,407	48,696 32-4
" 22	258,752	547	236,728	39-1	98,773	6,461	19,358	53,131 33-1
" 29	258,062	1,308	240,948	39-1	96,408	7,138	19,086	52,377 33-4
Aug. 5	257,066	2,350	244,004	40-1	89,943	8,938	18,471	49,598 33-1

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to July 22	18,724,611	1,146,266	1,967,437	21,838,314
Week ended July 29	654,380	39,166	53,084	756,630
Five days ended August 5	577,297	40,980	58,326	676,603
Total to date, 1936	19,956,288	1,226,412	2,088,847	23,271,547
Total to date, 1935	19,836,626	1,153,264	1,940,024	22,929,914
Increase or decrease in 1936	+ 119,662	+ 73,148	+ 148,823	+ 341,633
	= 0-6%	= 6-4%	= 7-7%	= 1-5%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5-5%	= 7-2%	= 8-1%	= 5-8%

PROVINCIAL

(000's omitted).

No. of working days:	Week ended August 1		Month of July			Aggregate Totals January 1 to August 1	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
BIRMINGHAM	3,372	2,959	12,499	13,908	+ 11-8	75,198	80,453
BRADFORD	1,207	1,146	4,262	3,956	- 7-1	27,535	29,852
BRISTOL	1,402	1,393	5,778	5,852	+ 1-2	36,484	38,741
DUBLIN	5,134	5,114	...	...	...	165,550	174,688
HULL	955	929	3,357	3,791	+ 12-9	22,457	25,037
LEEDS	1,225	1,010	4,760	4,553	- 4-3	28,579	28,767
LEICESTER	909	927	3,172	3,470	+ 9-3	20,756	22,583
LIVERPOOL	8,973	6,697	26,373	29,603	+ 12-2	180,480	185,509
MANCHESTER	11,280	10,087	45,292	44,936	- 0-7	303,507	306,304
NEWCASTLE	1,436	1,382	6,080	6,044	- 0-5	42,244	39,730
NOTTINGHAM	794	572	2,299	2,540	+ 9-6	14,776	15,664
SHEFFIELD	1,156	947	4,036	4,592	+ 13-7	26,466	30,137
	37,743	33,163	117,848	123,225	+ 4-5	943,970	977,465

OVER ONE HUNDRED YEARS OF SERVICE

OVER ONE HUNDRED YEARS OF SERVICE

SCOTTISH UNION & NATIONAL
INSURANCE COMPANY

ASSETS - EXCEED - £16,000,000

FIRE LIFE ACCIDENT MARINE

Edinburgh: 35 St. Andrew Square
London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1

IMPORTS AND EXPORTS OF GOLD
(Into and from United Kingdom)

Imports			Exports		
From	Bullion*	Coit†	To	Bullion*	Coit†
British S. Africa ...	£ 1,909,507	£ ...	Palestine	£ ...	£ 1,000
Tanganyika Terr.	8,183	...	Finland	22,569	...
Kenya	5,098	...	Netherlands	103,505	12,150
British India	887,927	...	Belgium	55,569	23,400
British Malaya	23,840	...	France	37,281	22,250
New Zealand	53,308	...	Switzerland	...	7,000
British Guiana	7,672	4,891	Italy	6,900	2,965
Germany	402,542	2,202	U.S.A.	406,665	...
Netherlands	1,800	...	Other countries ...	225	...
Belgium	8,375	...			
Belgian Congo	5,754	451			
France	9,728,684	6,380			
Switzerland	44,962	1,676			
Portugal	...	100,000			
Iraq	2,710	...			
Venezuela	6,356	...			
Other countries	314	...			
Totals	13,146,042	106,831 8,769	Totals	682,714	42,400 40,517

IMPORTS AND EXPORTS OF SILVER

Imports	Exports
---------	---------

[illegible]

From	Bullion*	Coinf	To	Bullion*	Coinf
British India	£ 15,142	£ ...	Finland	£ 155	...
British Malaya.....	5,717	...	Sweden	1,755	...
New Zealand	1,371	...	Norway	1,189	...
Germany	7,177	43	France	270	...
Netherlands	...	89	U.S.A.	96,688	...
Belgium	4,547	77	Other countries ...	1,515	216
France	3,025	189			
Japan	27,360	...			
Other Countries ..	228	112			
Totals	59,208	510	Totals	101,550	216

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in *italics*. Other coin is entered at current market value.

GOLD MOVEMENTS : BANK OF ENGLAND			
1936		1936	
ARRIVALS		WITHDRAWALS	
July 31	Bar Gold.....	905,863	Nil
Aug. 1	Bar Gold.....	351,980	Nil
" 5	4 Bar Gold.....	504,399	Nil
" 5	".....	†	Nil
" 5	".....	5	Nil
" 6	".....	Nil	Nil
" 6	".....	"	Nil
Total.....		1,914,222	Nil
Movement July 31, 1936, to Aug. 6, 1936 (inclusive).....			†1,914,222 1/2
Movement during year 1935.....			†7,745,822 1/2
Movement during 1936 (January to August 6, 1936 inclusive).....			†4,938,271 1/2
Movement April 29, 1925, to Aug. 6, 1936 (inclusive).....			†83,866,521 1/2
Movement September 21, 1931 (gold standard suspended) to Aug. 6, 1936 (inclusive).....			†106,271,973 1/2

GOLD MARKET

Messrs. Samuel Montagu and Company write on August 5, 1936 :—
The Bank of England gold reserve against notes amounted to £239,941,219 on the 29th ulto., as compared with £235,767,025 on the previous Wednesday. Purchases of bar gold as announced by the Bank during the week amounted to £3,019,208. In the open market about £1,300,000 of bar gold was disposed of at the daily fixing; there has been little movement in the price, which to-day was fixed on dollar parity. Although demand was more general, further special buying was also in evidence and other operations of a special nature are indicated by the import of £9,800,000 of gold from France as shown in the figures given below.

The s.s. "Strathnaver," which sailed from Bombay on the 1st inst., carries gold to the value of about £529,000 consigned to London.

SILVER MARKET

The market has been quiet and prices have shown only small variations. Indian demand was more in evidence at the present level of prices, at which there was also some inquiry for American trade requirements. Speculators have resold, but sales on China account continue to furnish the main supplies.

The tone of the market appears steady at about the present level, from which no wide departure is anticipated in the near future.

Quotations for gold and silver are shown below :—						
1936	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce -999 fine	
			Cash	Two Months		
	s. d.	s. d.	d.	d.		1936 Cents
July 30.....	138 9½	12 2-90	19 ½	19 ½	July 29	45
" 31.....	138 9½	12 2-90	19 ½	19 ½	" 30	45
Aug. 1.....	138 8	12 3-04	19 ½	19 ½	" 31	45
" 4.....	138 7½	12 3-08	19 ½	19 ½	Aug. 1	45
" 5.....	138 7	12 3-12	19 ½	19 ½	" 4	45
Average of above 5 days	138 8-30	12 3-01	19-50	19-537		
Aug. 6.....	138 6	12 3-12	19 ½	19 ½		

The highest rate of exchange on New York recorded during the period from July 30th to August 5th was \$5.02½ and the lowest \$5.01½.

Statistics for the month of July:—

	Bar Silver per oz. std.	Bar Gold
	Cash delivery	2 months' delivery
Highest price	19½d.	19½d.
Lowest price	19½d.	19½d.
Average	19-5903d.	19-6181d.

138s. 14d.
138s. 7d.
138s. 10-52d.

LONDON MONEY RATES

SILVER MARKET

The market has been quiet and prices have shown only small variations.

Indian demand was more in evidence at the lower level of prices, at which there was also some inquiry for American trade requirements. Speculators

have resold, but sales on China account continue to furnish the main

The tone of the market appears steady at about the present level, from

which no wide departure is anticipated in the near future.

Quotations for gold and silver are shown below :—

Price of Gold	Price of Bar Silver in	Price of Silver
---------------	------------------------	-----------------

1936	Price of Gold per	Equivalent Value	London per ounce standard	New York per ounce
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COMMONWEALTH OF AUSTRALIA AND DOMINION OF

Fine Ounce	of £ sterling	Cash	Two Months	per ounce ·999 fine
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GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended August 6, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended August 6, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

COMPANY NEWS

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended July 31, 1936. (c) Week ended Aug. 1, 1936.	Miles Open	Gross Receipts, week ended Aug. 2, 1936 (£'000)						Aggregate Gross Receipts 1936 compared with 1935 (31 weeks) (£'000)					
		Passen- ger, &c.	Merch- andise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merch- andise, &c.	Coal and Coke	Total Goods	Total Receipts		
Great Western	1936	3,746	433	204	100	304	737	6,245	5,836	3,123	8,959	15,204	
(c) L. & N.	1936	3,748	413	192	94	286	699	6,209	5,608	3,063	8,671	14,880	
Eastern	1936	6,332	594	330	215	545	1,139	9,686	9,984	7,162	17,102	26,788	
L. M. & S.	1936	6,917	1,027	441	222	663	1,690	9,598	9,583	6,792	16,375	25,973	
Scottish	1936	6,925	968	422	197	619	1,587	14,843	13,787	7,456	22,061	37,111	
Southern	1936	6,154	534	70	31	101	635	9,202	1,912	974	2,886	12,088	
	1935	2,171	522	67	29	96	618	9,147	1,895	914	2,809	11,956	
Total	1936	19,149	2,588	1,045	568	1,613	4,201	40,183	32,293	18,715	51,008	91,191	
	1935	19,181	2,458	1,002	502	1,504	3,962	39,797	30,873	17,858	48,731	88,528	
(b) Belfast & Co. Down	1936	80	4-3	...	...	0-7	5-0	77-3	...	...	17-2	94-5	
(b) Great Northern	1936	543	17-4	...	...	0-6	4-8	78-6	...	...	15-5	94-1	
(b) Great Southern	1936	543	17-4	...	...	10-9	28-3	306-2	...	...	289-6	595-8	
(c) 1935	1935	543	17-6	...	...	11-5	29-1	298-1	...	...	279-9	578-0	
(b) Great Southern	1936	2,076	55-4	...	...	42-4	97-8	1,011-8	...	...	1,221-4	2,233-2	
(c) 1935	1935	2,124	58-8	...	...	38-2	97-0	1,002-1	...	...	1,150-5	2,152-6	

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935
(000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1935, compared with second half-year, 1934:				
Gross increase or decrease	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year, 1935:				
Gross increase or decrease	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935:				
5 weeks to August 2, 1936	+ 61	+ 455	+ 281	+ 47
Weekly average second half 1936	+ 12½	+ 91	+ 56½	+ 9½
Latest week 1936 compared with 1935	+ 38	+ 103	+ 81	+ 17

LONDON TRANSPORT

	Week ending August 1, 1936	Aggregate 5 weeks to August 1, 1936
* Takings (before pooling)	£48,800	£2,787,600
Compared with corresponding period of last year	+ 12,600	+ 55,500
* For an explanation of the manner in which the figures are made up, see the Economist, March 17, 1934, page 610.		

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1936	+ or - 1936

INDIAN

	1936	1935	Rs.	Rs.	Rs.
Assam Bengal	15	July 10	1,330	£4,35,000	+ 10,288
Barsi Lt. Ry.	15	10	292	£55,200	+ 30,000
Bengal & N.Western	15	10	2,112	£9,52,342	+ 1,04,919
Bengal-Nagpur	15	10	3,288	£20,01,000	+ 1,10,044
Bombay, Bar. & C.I.	15	10	3,072	£25,20,000	+ 2,39,000
Madras & S. Mah.	15	10	3,229	£21,00,000	+ 1,34,474
Robilikh & Kurnool	15	10	548	£1,50,287	+ 1,06,695
South Indian	15	10	2,532	£15,01,041	+ 23,942

CANADIAN

	1936	1935	\$	\$	\$
Canadian National	31	July 31	23815	£5,179,801	+ 44,999
Canadian Pacific	31	July 31	17237	£3,883,000	+ 49,000

SOUTH AMERICAN

	1936	1935	£	£	£
Antofagasta (Chili and Bolivia)	31	Aug. 2	834	£13,220	+ 2,350
Argentine N.E.	5	1	753	£173,000	+ 21,800
B.A. and Pacific	5	1	2,806	£10,129	+ 1,245
B.A. Central	3	July 18	...	£1,277,000	+ 36,000
B.A. Gt. Southern	5	Aug. 1	5,084	£74,766	+ 1,852
B.A. Western	5	1	1,930	£1,852,000	+ 102,000
Central Argentine	5	1	3,700	£1,08,431	+ 6,375
Central Uruguayan	4	July 25	273	£742,000	+ 56,000
C. Ur. (East Ext.)	4	25	311	£43,443	+ 3,443
C. Ur. (N. Ext.)	4	25	185	£12,312,900	+ 208,100
C. Ur. (W. Ext.)	4	25	211	£135,416	+ 11,832
Cordoba Central	5	Aug. 1	1,218	£10,119	+ 1,818
Entre Rios	5	1	810	£1,969	+ 568
G. Westn. of Brazil	31	1	1,082	£1,448	+ 185
Leopoldina	31	1	1,918	£920	+ 130
Leopoldina Termal.	31	1	...	£871,000	+ 75,000
Nitrate	7	July 31	401	£39,290	+ 4,270
Paraguay Central	5	Aug. 1	274	£214,200	+ 32,100
Salvador	5	Aug. 1	100	£12,541	+ 1,930
San Paulo	30	July 26	1531	£5,400	+ 1,400
United of Havana	5	Aug. 1	1,353	£14,417	+ 4,831

* Converted at average official rate during week ended Aug. 1-17-08 pesos to the £.
 † Free market rate.
 ‡ Receipts in Argentine pesos.
 § Converted at official rate.
 ¶ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

	1936	1935	£	£	£
Egyptian Delta Light Railways	15	July 20	621	£16,148	+ 624
Egyptian Markets	30	30	...	1,369	+ 69
Gr. Southn. of Spain	29	25	104	Ps. 10,851	+ 22,554
Mexican Railway	30	31	483	£364,500	+ 57,200

SUEZ CANAL RECEIPTS

	1936	1935	Fr.	Fr.	Fr.
Suez Canal	29	July 20	...	£20,740,000	+ 2500,000

TRAMWAYS WEEKLY GROSS RECEIPTS

	1936	1935	Rs.	Rs.	Rs.
Anglo-Argentine	30	July 29	328	£615,006	+ 26,574
B. Aires Lacroze	3	19	...	£64,059	+ 975
Burnley, Colne and Nelson Jt. Trspt.	1	Aug. 1	76	£5,008	+ 721
Calcutta Tramways	31	1	...	Rs. 1,17,249	+ 3,586
Isle of Thanet Elec.	29	July 22	...	£4,890	+ 281
Liverpool Corp.	17	29	...	£28,873	+ 294
Madras Electric	7	31	...	Rs. 48,014	+ 4,729

MONTHLY TRAFFICS

Company	Months	Ending	De- scrip- tion	Receipts for Month	Receipts to Date
				1936	+ or - 1936
Internat. Rlys. of C. America	6	June 30	Gross	\$379,015	+ 7,469
			Net	\$139,808	+ 1,907
La Guaira & Caracas	7	July 31	Gross	£4,910	+ 1,185
Midland of W. Australia	12	June 30	Gross	£11,981	+ 222
Peruvian Corporation	1	July 31	Gross	£84,321	+ 10,508
Rangoon Electric Tramway	6	June 30	Gross	Rs. 4,62,281	+ 5,747
			Net	Rs. 2,26,730	+ 1,877

DIVIDEND ANNOUNCEMENTS

Name of Company	* Interim † Final	Date of Pay- ment	Comparison with Last Year	Total Latest Year	Previous Year
RAILWAYS					
Great Western Railway	1½%	Aug. 19	Same	...	...
BANKS					
Commercial Banking Co. of Sydney	3½%	...	2½%	6	5
OTHER COMPANIES					
Associated British Picture	7½%	Aug. 18	6%	12½	10
Blythe Colour Works	5%	...	a	...	...
Boddingtons Breweries	2½%	...	Same	...	...
Brooks Thomas	6d. p.s.*	...	Same	...	...
Cheapside Land Development	2½%	...	3%	...	...
Colonial Securities Trust	2%	Aug. 15	Same	...	...
Compass Invest. Trust	2%	...	...	2	...
Courage & Co.	6%	...	Same	...	...
Davis and Timmins	5%	...	2½%	...	...
Derby Gas Light and Coke	3½%	Aug. 17	Same	...	...
Dublin United Tramways	2%	...	Nil	...	...
Edinburgh and Dundee Invest- ment	4½%	...	Same	6½	6½
Edinburgh Securities	2%	...	Same	...	...
Electrical Distribution of York- shire	9%	Aug. 1	Same	...	...
Farnham Gas and Electric	3%	Sep. 1	Same	...	...
Fife Coal	3%	Sept. 1	Nil	...	...
Fleming Reid & Co.	1s. p.s.*	...	Same	...	...
Flettons	7½%	...	Same	...	...
Finlay Holroyd and Healy's	8%	...	7%	13	11
Gaskell and Chambers	3%	Aug. 1	Same	...	...
General Funds Invest. Trust	3%	...	1½%	...	...
General Refractories	6%	Aug. 17	Same	...	...
Glass Houghton and Castleford Collieries	3%	...	Nil	...	...
Guinness (Arthur), Son & Co.	17%	...	Same	29	29
Heath (G. H.) & Co.	5%	Sep. 1	Same	...	...
Hecht, Lewis and Kahn	12½%	Aug. 21	...	17½	...
Henley (W. T.) Telegraph	1/6 p.s.*	...	Same	...	...
Hillhead Hughes	5%	Aug. 14	...	...	...
Holborn and Frascati	2%	Sep. 1	Same	...	...
Houghton Main Colliery	5½%	...	3%	7½	5%
Improved Wood Pavement	5%	Aug. 18	Same	...	...
London Labourers Dwellings	3%	Sep. 16	Same	...	...
Newcastle-on-Tyne and Gateshead Gas	2½%	Aug. 8	Same	...	...
Northampton Electric Light	5%	Aug. 24	Same	...	...
Reckitt and Sons	1s. p.s.*	Oct. 1	Same	...	...
Reid (W. B.) & Co.	1%	Aug. 1	2½%	...	...
Rochdale Canal	1%	...	Same	...	...
Rushden and District Electric	3½%	Aug. 24	Same	...	...
Saxone Shoe	2½%	Sep. 15	Same	...	...
Scottish Agricultural Industries	3½%	...	2½%	3½	2½
Tootal Broadhurst Lee	10	...	Same	10	10
United Grain Elevators	6d. p.s.*	...	Same	...	...
Watney Combe Reid	12½%	...	Same	18	18
Yorkshire Electric Power	6%	Aug. 1	Same	...	...

† Tax free. * No comparable figure. ‡ Quarterly.

BRITISH INDUSTRIES—FOURTH PORTFOLIO.—A second half-yearly income distribution of 8½d. per sub-unit, free of income tax, representing income received during the six months ended July 10, 1936, is announced.

NATIONAL GAS AND OIL ENGINE.—An interim dividend of 2½ per cent on the arrears of preference shares for the six months ended December 31, 1935, is announced.

FRANK MASON AND COMPANY.—A dividend at the rate of 7½ per cent. per annum for the eight months ended March 31, 1934, on account of arrears, is declared on the 7½ per cent. cumulative participating preference shares.

BURMA CORPORATION.—Final dividend for the year to June 30th, 6 annas on the Rs.9 ordinary shares, payable September 28th, free of Indian and British income taxes. This makes a total of 12 annas (8½ per cent.) per share, tax free, against 7½ annas (4½ per cent.). London shareholders will be paid at rate of 1s. 6d. per rupee.

REPORTS AND NOTICES

MINES

WITWATERSRAND NIGEL, LTD.—The report for the quarter ended June 30, 1936, shows that the total footage advanced in all sections during the quarter was 5,565 feet; on reef, 3,652 feet; sampled 4,127 feet, of which 160 feet was payable, averaging 8,007 dwts. over 30,397 inches, equivalent to 243 inch-dwts. In No. 4 winze workings, 110 payable feet averaged 9,088 dwts. over 29,577 inches, equal to 269 inch-dwts. In No. 1 Shaft workings a payable shoot was intersected by the North Drive Return Drive on the 6th level, and up to the end of the quarter 50 payable feet averaged 5.8 dwts. over 32.2 inches, equivalent to 186 inch-dwts. It has been decided to extend the exploration of the Houtpoort area towards the boundary of Rensburg Township on the dip below the present 7th Level.

MISCELLANEOUS

KELSALL AND KEMP, LTD.—The net profit to June 30, 1936, is £44,533, an increase of £24,154 over the figure for the preceding year.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount				
Breweries		£	£	£	£	£	%	£	£	£	%
Guinness (A.) Son	June 30	846,309	2,025,873	2,872,182	92,250	1,669,688	29	200,000	910,244	2,013,209	29
Watney Combe Reid.....	June 30	324,445	1,128,926	1,453,371	84,247	127,416(a) 573,374(b)	4 (a) 18 (b)	350,000	318,334	1,044,122	4 (a) 16 (b)
Financial, Land, etc.											
Eastern International	June 30	4,459	8,699	13,158	...	11,015†	2½	...	2,143	8,642	2½†
Motor and Cycle											
Riley (Coventry)	Jan. 31§	37,183	68,898	106,081	13,500	40,000	20	30,000	22,581	40,504	20
Rubber											
Perak Rubber Plantations	Mar. 31	10,146	4,547	14,693	...	4,450	5	...	10,243	8,579	7½
Textiles											
Fulton (Wm.) and Sons ...	June 30	2,166	3,853	6,019	3,279	...	...	500	2,240	Dr. 6,763	...
Hinde (Fras.) & Hardy.....	June 30	26,662	13,342	40,004	10,090	...	...	...	29,914	27,267	...
Tootal Broadhurst Lee	June 30	37,611	194,891	232,502	15,375	65,042	10	85,000	67,085	84,682	10
York Street Flax Spinning	June 30	Dr.115,870	17,046	Dr. 98,824	...	...	...	12,500	Dr.111324	Dr.10,026	...
Trusts											
Edinburgh and Dundee Investment	June 30	16,325	60,504	76,829	22,837	23,768	6½	10,000	20,224	56,009	6½
Other Companies											
Associated British Picture...	Mar. 31	83,481	639,851	723,332	93,000	148,703	12½	389,631	91,998	373,753	10
Benn Bros.	June 30	16,262	40,530	56,792	4,805	21,334	15 (c)	14,500	13,903	41,779	15(c)
British Lion Film	Mar. 31	14,356	12,093	26,449	...	2,250	300 (b)	...	26,449	14,892	300(b)
Buell Combustion	Dec. 31	Dr. 39,991	Dr. 15,194	Dr. 55,185	...	...	...	...	Dr.55,185	Dr.16,206	...
Gabriel, Wade and English	May 31	33,977	67,700	101,677	16,250	16,550	5	27,000	41,877	56,157	5
Goulding (W. & H. M.)	June 30	4,816	33,491	38,307	6,875	18,900	6	6,000	6,532	32,613	6
Greenwood T. (Millers)	June 27	623	44,955	45,578	14,758	29,575	11	...	1,245	53,486	14
Mason (Frank) and Co. ...	Mar. 31	1,588	12,965	14,553	7,625	...	...	5,000	1,928	10,326	...
Owen and Robinson	May 31	11,428	5,606	17,034	2,100	2,450	7†	1,000	11,484	6,281	8†
† Free of tax. § 18-month period. (a) Preferred ordinary. (b) Deferred. (c) Ordinary.											

CARDIFF.—With the collieries idle till Wednesday night little business has been passing on the Cardiff Exchange, and the output for the whole week is hardly likely to exceed 50 per cent. of normal. Shipments were resumed on Tuesday, and it is hoped that the heavy stocks on the sidings may be appreciably reduced by the suspension of work at the collieries. The new scheme for the centralised control of sales came into force from August 1st, but the staff of the new Board has not yet been organised and temporarily the collieries have been granted formal permits for their current commitments. Apparently contracts concluded during July have been much heavier than in previous years, and as all contracts are excluded from the scope of the Control Board if concluded before July 31st the new regime cannot become really effective till the New Year. There has been no change in prices.

IRON AND STEEL

MIDDLESBROUGH.—Shipments of all classes of pig iron from the Tees during July amounted to 8,624 tons, against 8,678 tons during the previous month; shipments of manufactured steel amounted to approximately 44,000 tons, of which roughly 28,000 tons went to foreign destinations. Production in this area again shows a considerable increase, the output during the first six months of 1936 being a record. Pig iron producers are well sold for the next few months, and prices are maintained to home consumers for No. 3 Cleveland Foundry Pig Iron at 75s. per ton delivered locally, whilst East Coast Hematite is based on No. 1 grade at 85s. 6d. per ton delivered in this area with the rebate of 5s.

Steel production continues unabated. Coke is in good demand with the supply rather better, and makers are now asking 24s. 6d. to 25s. per ton for good Durham blast furnace coke delivered to the furnaces. Whilst foreign ore business is restricted on account of the troubles in Spain, the total quantity of foreign ore imported into the Tees during July was 213,000 tons, against 152,000 tons during June. Heavy steel melting scrap is quoted at 57s. 6d. but makers are well provided with supplies as a result of importations of this material from abroad.

SHEFFIELD.—Despite the holidays there has been a fair volume of business this week, consumers being anxious to supplement supplies. Makers of foundry pig are heavily committed under contract and have little for disposal on the market. Forge demand shows a steady increase, consumers displaying a greater readiness to buy forward. Hematite is in heavy request, but the majority of makers are fully booked and are not in a position to accept further business at present. Any small lots which come on offer are eagerly taken up. The finished iron position is showing steady improvement, although crown bars still lag behind common and marked bars. Demand for basic steel billets can only just be satisfied, and acid qualities are coming into greater prominence. Business in structural steel is good, and there is an insistent demand for wire rods and stainless steel sheets. There is a steady demand for iron and steel scrap. Heavy basic steel for melting sells at around 57s. 6d. for large parcels, and for foundry cast iron up to 67s. 6d. is readily paid. Steelworks heavy cast iron is dull at 54s. Production of steel ingots and castings in the Sheffield area in the half year ended June exceeded that of the corresponding period of 1935 by 107,300 tons. The June output was 130,400 tons, an increase of 23,700 tons on June last year.

GLASGOW.—A very high rate of production is being maintained in almost all branches. Not only are makers working to capacity but demands from users are on the increase and this is likely to continue on account of the large amount of work on hand in many of the leading industries. Clyde shipbuilders have received further contracts, Lanarkshire wagon builders and structural engineers, machinery and boiler makers and locomotive builders in Glasgow and district have also booked very considerable orders. For tube makers the position is not quite so satisfactory and tonnage on hand is small. Price of black sheets for export has been increased by 5s. per ton to £10 basis for 24G. for all markets except Canada, which is separately arranged.

CARDIFF.—Owing to the holidays there was no meeting of the Swansea Metal Exchange on Tuesday, and the general position in the various branches of the iron and steel industry is unchanged. The production of steel in South Wales in June showed a greater percentage increase over the corresponding month last year than that of the country as a whole, and for the first half of the year the output at 1,153,300 tons is the largest recorded since 1929. The blast furnaces have also been producing larger outputs, and the production of 330,600 tons for the first half of the year compares with 278,800 tons for the corresponding period last year. Shipments of tinplates at Swansea last week totalled 64,804 boxes as against 82,222 boxes the previous week, and 91,373 boxes a year ago.

OTHER METALS

COPPER.—Despite the higher quota, operative from August 1st, which will increase supplies by 3,330 tons a month, the market has maintained its strength. On Tuesday, the standard cash quotation, at £38 1s. 3d. per ton, reached the highest level for over three years. In the U.S.A., the market has become very quiet after the abnormally high level of deliveries during July. Some easiness may become apparent before long in this country also, since consumption may be expected to show a seasonal decline. But the technical position is too strong to justify more than a fractional price decline.

Sales on the London Metal Exchange: 2,350 tons on Tuesday, against 1,500 tons last week; 1,350 tons on Wednesday, against 1,900 last week. Domestic spot was quoted at 9-27½ cents per lb. in New York on Wednesday, against 9-27½ cents a week ago and 8-95 cents a month ago. Wednesday's official closing price for standard cash in London was £38 to £38 1s. 3d., compared with £37 18s. 9d. to £38 a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 53,550 tons, show an increase of 11 tons, while stocks of rough copper, at 3,286 tons, show an increase of 31 tons on the week.

LEAD AND SPLICER.—Despite certain fluctuations, lead prices show no net change on the week. Spelter eased somewhat, owing to rumours of a breakdown in the Cartel discussions, but, until Wednesday, showed remarkable steadiness at the lower level. The position regarding spelter is discussed in a Note of the Week.

Sales of lead on the London Metal Exchange: 1,200 tons on Tuesday, against 1,300 tons last week; 1,050 tons on Wednesday, against 550 tons last week. The New York quotation on Wednesday was 4-60 cents per lb., against 4-60 cents a week ago and 4-60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 8s. 9d. per ton, compared with £16 8s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 750 tons on Tuesday, against 900 tons last week; 175 tons on Wednesday, against 800 tons last week. Wednesday's quotation in East St. Louis was 4-80 cents per lb., against 4-80 cents the week before and 4-75 cents a month earlier.

Wednesday's official closing quotation in London for "food ordinary brands" for shipment during the current month was £13 1s. 6d. per ton, against £14 1s. 3d. last week.

TIN.—Prices have fluctuated within narrow limits. The Siamese problem remains unsolved and no new endeavours to resume negotiations have been made this week; nevertheless, London metal market circles remain confident that there are still possibilities of the continuance of the tin scheme on a reasonable basis. The total visible supply of tin, according to A. Strauss and Company, showed only the small increase of 136 tons to 15,108 tons in July. The market had expected an increase of between 1,500 and 2,000 tons, but American deliveries reached the very high level of 7,120 tons, or 1,830 tons more than in July last year. World deliveries last month totalled 10,355 tons, or 412 tons less than in June, while new supplies fell by 58 tons to 10,022 tons. Since American deliveries are likely to show a sharp decline in August, while the higher quotas for the third quarter of the year will become apparent in the August statistics, the visible supply should show a large increase by the end of this month.

Sales of tin on the London Metal Exchange: 80 tons on Tuesday, against 425 tons last week; 290 tons on Wednesday, against 400 last week. The New York quotation on Wednesday was 42-75 cents per lb., against 43-12½ cents a week ago and 43-50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £184 5s. to £184 15s. per ton, compared with £184 to £184 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 595 tons, an increase of 30 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 3s. to £12 3s. 6d. per flask of 76 lb., as against £11 19s. to £11 19s. 6d. last week. Chinese antimony was quoted at £53 to £54 per ton ex warehouse, duty paid, the same as last week. Chinese wolfram for "August-September" shipment was quoted at 25s. 6d. to 26s. per unit, c.i.f., as against 26s. 6d. to 27s. for "July-August" last week. Platinum (refined) was quoted at £8 10s. per ounce against £8 per ounce last week.

TEXTILES

COTTON.—Manchester.—A feature of the market has been the further decline in raw material rates, American cotton being nearly 4d. per lb. lower than in the middle of July. Business has been somewhat restricted as a result of the holidays. Considerable interest has been taken in the United States Government estimate of the crop due to be published to-day (Saturday). Whereas a month ago on the area under cultivation of 30,621,000 acres a yield of 11½ million bales was anticipated, it is now believed that the probable output will be about 12,300,000 bales. Conditions have not been favourable for a healthy export business in piece goods, and the attitude of buyers has been affected by uncertainty as to future raw cotton prices. Although a fair amount of inquiry has come through for India, sales of more than retail lots have been few and far between. A little more activity has been reported in fancies for Java. Some manufacturers of bleachers have had opportunities of selling for Egypt, but not much has been done. Useful lines have been reported in heavy shirtings and prints for West Africa. The undercurrent of demand for South America has kept up fairly well, there being steady buying in finishing styles. Some makers have met with moderate support from the Dominions. Advices from the home trade have been rather less favourable. The unseasonable weather is having an adverse effect upon clearances in summer materials. There has not been any general activity in the yarn market. Quotations have been somewhat irregular when tested.

COTTON PRICES

	1936				Corresponding Date	
	July 15	July 22	July 29	Aug. 5	1934	1935
Raw Cotton—Mid. American..... per lb.	d. 7-50	d. 7-39	d. 7-28	d. 6-99	d. 7-15	d. 6-89
Sakellaridis Fully Good Fair						
" Egyptian	10-15	10-50	11-20	11-15	8-66	8-15
Yarns—32's twist	11½	11½	11½	11	10½	10½
" 40's twist	11½	11½	11½	11	10½	10½
" 60's twist (Egyptian)	11½	11½	11½	11	10½	10½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. 18 1½	s. d. 18 3	s. d. 18 3	s. d. 18 1½	s. d. 19 3	s. d. 17 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	25 7	25 9	25 9	25 6	24 3	24 4½
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 6	10 6	10 6	10 5	11 2	10 5
39-in. ditto, 37½ yds. 16 by 15, 8½ lb.	9 6	9 6	9 6	9 5	10 0	9 3

WOOL.—Bradford.—Since the close of the recent London Colonial auctions, very sound conditions have prevailed. Stocks of old wool have almost disappeared, the carry-over in New Zealand being only 29,500 bales. There are certain to be some shipments to London for sale at the September and November series, which implies a still further reduction in stocks. Since London closed there have been considerable sales in Bradford of medium and coarse crossbreds for export to the Continent, and the tops and noils. For a holiday period mills are running fairly well, although Commission combers are busy getting all deliveries of tops made before closed. Most mills outside the city will be running as usual.

GRAIN MARKETS

WHEAT.—The steep rise in the price of wheat has continued. The Canadian crop has ripened prematurely and the yield is light. But it appears that recent estimates of the United States crop have been unduly pessimistic. A private estimate now places the aggregate yield of the suffice for domestic needs. Meanwhile, the situation in Argentina is and for Australia are rather low.

On Wednesday last, "September" futures were quoted in Chicago at 113½ cents per bushel, against 108½ cents the week before and 105½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 41s. 9d. per 496 lbs., against 38s. a week ago; No. 2 to the Corn Trade News, total shipments of wheat and flour last week totalled 1,238,000 quarters, against 983,000 in the previous week and 811,000 quarters in the corresponding week a year ago.

FLOUR.—Both home-milled and imported flour have again advance in sympathy with wheat. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 34s. 6d. per 280 lbs., against 31s. a week ago; delivered inner London, 34s., as compared with 30s. 6d. a week ago. Manitoba patents, ex store, 31s. 6d. to 33s., against 28s. 6d. to 29s. 9d. a week ago. Australian, ex store, 22s. 6d. to 27s., against 24s. 6d. a week ago.

BARLEY.—Rains in Europe and drought in North America have adversely affected supplies, and prices of imported descriptions are firm. Prices for English are nominal. The yield from the home crop promises to be satisfactory, but a spell of warm, dry weather is now urgently needed. "October" futures were quoted at 61 cents per bushel in Winnipeg on Wednesday, against 53 cents a week ago and 45 cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 25s., as against 25s. a week ago; "English malting," at farm, not quoted.

OATS.—Supplies of native oats are small and prices are firm. Meanwhile, quotations in North America have again recorded a sharp advance in sympathy with other grains. On Wednesday, "September" futures were quoted at 42½ cents a bushel in Chicago, against 38½ cents a week ago and 37½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 20s. 6d. per 336 lbs., against 20s. 6d. a week ago; "English White," at farm, 20s. 6d., against 20s. 6d. a week earlier.

MAIZE.—Despite some improvement in the weather in Argentina prices have risen sharply in response to the crop situation in North America. "September" futures were quoted on Wednesday at 106½ cents per bushel in Chicago, against 94 cents a week ago; and 79½ cents last month. Quotations in London, Wednesday: "Plate," landed, 26s. per 480 lbs., compared with 23s. 6d. a week ago; "Plate," ex ship, 25s., as against 22s. 6d. a week ago; "Plate," "August," 24s., as against 21s. 9d. a week ago; yellow maize meal, ex wharf, was quoted at £6 10s. to £6 12s. 6d. per ton, as against £6 1s. 3d. last week.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-36:—

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Aug. 7, 1935	Dec. 31, 1935	July 29, 1936	Aug. 5, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	84½	84½	98	107½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	90½	75½	108½	113½

The visible supply of wheat in Canada amounts to 70,348,000 bushels against 72,693,000 bushels last week, and 125,984,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to August 1	15,157	102,879	57,403	49,950
46 weeks to August 1	8,608,963	10,950,321	13,279,930	13,218,133
Average price of English wheat per cwt.	s. d. 6 10	s. d. 5 0	s. d. 5 4	s. d. 7 4

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
July 30, 1932	Cwts. 29,662	Cwts. 3,017	Cwts. 3,560	s. d. 6 5	s. d. 6 8	s. d. 7 6
July 29, 1933	15,157	8,797	6,174	6 10	6 9	5 11
August 4, 1934	102,879	4,314	16,563	5 0	8 5	6 4
August 3, 1935	57,403	5,356	10,724	5 4	6 7	7 0
July 25, 1936	40,866	2,132	9,931	7 2	5 10	6 6
August 1, 1936	43,950	3,112	10,052	7 4	6 10	6 8

OTHER FOODS

BACON.—The market remains firm. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 94s. to 96s.; Canadian, 87s.; Danish, 96s.; as against 94s. to 96s., 87s., and 96s. last week. Arrivals in London last week included Danish, 15,830 bales; Canadian, 4,252; Dutch, 2,595; Lithuanian, 1,712; and Polish, 2,740, as against 14,279, 4,464, 2,275, 1,728, and 2,395, respectively, in the previous week.

BUTTER.—Demand has been rather quiet and prices are a shade easier on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 116s.; Australian, choicest salted, 115s.; Danish, 125s. to 128s., compared with 116s. to 117s., 116s., and 127s. to 128s., respectively, a week ago.

BASIC PIG PRICE.—The Pigs Marketing Board announced this week that in accordance with the provisions of the present contract, the ascertained price of green Wiltshire style bacon is 90s. 8d. per cwt. and the ascertained value of offals is 8s. 8d. The ascertained cost of feeding stuffs, as certified by the Ministry of Agriculture and Fisheries, is 7s. 10d. per cwt. In accordance with the price schedule embodied in the contract, the price of the Class I, grade C pig, for the month of August is 11s. 6d. per score, against 11s. 4d. in July and 11s. 4d. in the same month of last year. The curers will also pay to the Pigs Marketing Board 2d. per score on every pig delivered and accepted during this year, to form a pool out of which will be paid the bonus on pigs delivered during the first four months of the year, in accordance with the 1936 Bonus Scheme.

CHEESE.—Cheese was again a quiet market with prices showing little change. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, factory, 58s. to 60s.; Canadian, finest coloured, 64s. to 65s.; and New Zealand, finest coloured, 61s. 6d. to 62s., against 58s., 64s. to 65s., and 61s. 6d., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 64 cents per lb., as against 64½ cents per lb. last week. In London, on Wednesday

last, good fermented new crop, "October-December," was quoted 28s. 3d. per 250 kilos., c.i.f. Continent, against 28s. 3d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 6,111 bags; delivered for home consumption, 11,587 bags; exported, 357 bags; stocks, 162,778 bags, against 161,358 bags a year ago.

COFFEE.—The London market remains quietly steady; the New York spot market has displayed a firmer tone this week. On Wednesday, Rio No. 7 (cash) was quoted at 8 cents per lb. in New York, as compared with 7½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 243 cwt. delivered for home consumption, 187 cwt.; exported, nil; stocks, 10,211 cwt., against 15,537 bags a year ago. Central and South American, landed, 573 cwt.; delivered for home consumption, 1,854 cwt.; exported, 1,111 cwt.; stocks, 101,378 cwt., against 150,813 packages last year. Other kinds, landed, 825 cwt.; delivered for home consumption, 3,551 cwt.; exported, 1,031 cwt.; stocks, 145,933 cwt., against 170,285 packages last year.

EGGS.—Eggs remained in fair demand with prices steady to the turn dearer. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 14s. 6d. to 15s. 3d. per 120, as against 14s. 6d. to 15s. last week, while Danish (15½ lb.) made 10s. 3d. to 10s. 6d. per 120, as against 10s. 3d. to 10s. 6d. last week.

FRUIT.—Business was moderately good last week and prices at Covent Garden were well maintained. According to *The Fruitgrower*, English green apples are plentiful, though small in size. Dessert apples, too, are rather undersized. Demand for Australian and New Zealand apples has been moderate. Pears are selling well, especially French and Italian varieties. Supplies of cherries and of English black and red currants are practically exhausted. Loganberries and raspberries are in fair demand with prices steady. The plum trade is active and prices are well maintained. More hothouse grapes are on sale and prices have eased. Orange prices remain firm, whilst ample quantities of lemons and grapefruit are available.

MEAT.—Business at Smithfield Market has been moderate following the holidays, with prices about steady. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 10d. to 4s. 4d. per 8 lbs., as compared with 3s. 8d. to 4s. 2d. a week ago. New Zealand frozen mutton was 3s. to 3s. 8d. per 8 lbs., against 3s. to 3s. 8d. as week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,415 tons, a decrease of 27 tons on the corresponding week last year. Beef and veal accounted for 4,782 tons, mutton and lamb 2,529 tons, and pork and bacon 655 tons, as compared with 4,897, 2,606, and 513 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampong (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 5 tons; delivered, 2 tons; stocks, 1,756 tons, against 1,792 tons a year ago. White, landed, 39 tons; delivered, 20 tons; stocks, 12,265 tons, against 18,357 tons a year ago.

RICE.—The London market continues steady. The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. ex warehouse on Wednesday, as compared with 8s. 6d. per cwt. a week ago. "August-September" in singles to Continent and U.K. was quoted at 7s. 10½d. per cwt., against 7s. 9d. last week. Movements in London during the past week were as follows: Landed, 655 tons; delivered, 306 tons; stocks, 2,308 tons, against 10,316 tons a year ago.

SUGAR.—Prices in London have been well maintained following the recent improvement, while the New York market remains steady. The spot price in New York on Wednesday was 3-65 cents per lb. as compared with 3-65 cents per lb. last week and 3-70 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at 4s. 5½d., against 4s. 5d. to 4s. 5½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 8,220 tons, against 18,687 tons last week and 24,137 tons in the same week of last year; deliveries, 25,152 tons, against 14,187 tons last week and 16,389 tons last year; stocks, 116,612 tons, against 133,544 tons last week and 141,980 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Aug. 1, 1935	d. 11-36	d. 11-26	d. 13-37	d. 9-52	d. 8-46	d. 10-29	d. 11-81
June 25, 1936	12-20	12-26	12-98	10-26	9-95	11-21	12-18
July 2, "	12-19	12-10	13-04	10-33	9-89	11-26	12-22
July 9, "	12-15	12-11	13-06	10-42	10-01	11-32	12-23
July 16, "	12-27	12-17	13-35	10-34	10-09	11-51	12-41
July 23, "	12-11	12-01	12-93	10-22	9-88	11-44	12-32
July 30, "	12-05	11-81	12-81	10-32	9-84	11-13	12-18

No auctions have been held at Mincing Lane this week, but the market will reopen on Monday next.

VEGETABLES.—Prices for most vegetables showed some improvement on the week, says *The Fruitgrower's* report. Tomato prices have been maintained, whilst cucumbers have hardened. Mushrooms, cabbages and vegetable marrows were plentiful and prices fell slightly. Prices for runner beans, green peas and onions were firmer on rather short supplies. The recent wet weather has accounted for a certain percentage of blight in potatoes, and, with supplies moderate, prices have been about steady. At the London Borough Market on Tuesday, King Edward made 5s. 6d. to 6s. 6d. per cwt., against 6s. to 7s. per cwt. last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—In common with grains, linseed has been subject to abnormal influences, and in the space of a week advanced rapidly, by 20s. per ton, to the highest level for some years. Continued great heat and want of moisture have had a serious retarding effect upon late-sown linseed, especially in North America; unless copious rains come soon, it seems problematical whether even the modest estimate of 200,000 tons yield will be realised. It is, however, now clear that American crushers will have to supplement domestic supplies by increased purchases abroad, and actual business in Indian and late Plate linseed is reported on American account. The result was a hardening of prices. Apart from the American factor, the linseed position was already tight. Owing to the smaller crop in Argentina, supplies have all along been on the short side, and Argentina and India have an exportable surplus of only just over half a million tons, as against 732,000 tons actually shipped in the remainder of 1935. Under ordinary conditions this might prove sufficient to cover crushers'

requirements until the new Argentine crop is harvested, but with America likely to import more, the position is changed. At the same time, attractive prices may induce Indian shippers to export more than expected, as has happened before. Linsed oil has advanced rapidly in sympathy with seed to the highest level of the year, and for August delivery, ex Hull, is now quoted £28 per ton (naked).

The situation in North America and the prospect of a shortage of feeding stuffs and fats have caused cottonseed and cotton oil to become considerably firmer, and the highest prices for years have been paid for English-produced cotton oil for export.

POTASH.—Production of potash salts in the United States, according to the U.S. Bureau of Mines, totalled 357,974 short tons in 1935. This represents a pure K₂O content of 193,793 short tons, against only 144,342 short tons in 1934. Consumption in the U.S.A. last year amounted to 930,893

short tons of potash salts (420,000 tons of K₂O), an increase of 37 per cent. in the weight of the salts and of 57 per cent. in the weight of the K₂O content. The chief sources of domestic production were in California and New Mexico.

RUBBER.—The market has displayed a dull tone over the holiday period and prices are easier. The spot price in New York on Wednesday was 16½ cents per lb., compared with 16½ cents per lb. a week ago and 16½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. to 7½d. for "October-December" shipment, as against 7½d. to 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 113,312 tons, against 114,376 tons a week earlier. A year ago stocks amounted to 173,898 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

LONDON, August 5th

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

CEREALS AND MEAT				POTATOES—				WOOL—				CAPES					
GRAIN, Etc.—				English King Edward	s.	d.	s.	English Southdown, greasy, per lb.	s.	d.	s.	Cape	s.	d.	s.		
Wheat—	s. d.	s. d.		per cwt.	5	6	6	" Lincoln hog, washed.....	9½			Dry and Drysalted Cape...	0	6½	0		
No. 2, N. Man. 498 lb.	41	3						Queensland, scd. super cmbrg.	26			Market Hides, Manch'tr—	0	5½	0		
Eng. Gaz. av., per cwt.	7	4						N.S.W. greasy, super cmbrg.	15½			Best heavy ox and heifer	0	5½	0		
Barley, Eng. Gaz. av. ...	6	10						N.Z., grey, half-bred 50-56	13			Best cow	0	5½	0		
Oats—								Top—				Best calf	0	5½	0		
Maize, La Plata, landed,								Merinos 70's Average	34								
480 lb.	26	0						" 64's "	32½								
Flour, Lon. stan. ex mill,								Crossbred 48's	14½								
280 lb.	32	9						" 48's "	14								
Rice, No.2 Burma, per cwt.	7	10½										INDIGO—					
MEAT—												Bengal, gd. red.-vilo. to					
Beef, per 8 lbs.—												fine	5	6	0		
English long sides	4	2	5	0													
Argentine chilled hinds	3	10	4	4													
Mutton, per 8 lbs.—																	
English wethers	5	4	6	8													
N.Z. frozen	3	0	3	8													
Lamb, per 8 lbs.—																	
N.Z. frozen	4	8	5	2													
Pork, English, per 8 lbs.—	5	0	5	4													
OTHER FOODS				SUGAR—				MINERALS				LEATHER—					
BACON—				(Duty, 11/8 per cwt.)				COAL—	s.	d.	s.	Sole Bends 8/14 lb.—	s.	d.	s.		
English.....per cwt.	94	0	96	0				Welsh, best Ad'ty...ton	19	6		per lb.	1	2	4		
Irish.....	93	0	98	0				Durham, best gas, f.o.b.	18	6		Bark Tanned Sole	2	3	8		
Danish.....	98	0						Centrifugals, 96", prpt.				Shoulders fm DS Hides	0	6½	0		
Dutch.....	93	0						shipm., c.i.f.U.K./Cont.	4	6		Do. Eng. or WS do.	0	9½	0		
HAMS—								B.W.I., crystallised.....	16	6	18	9	Do. Eng. or WS do.	0	5	0	
Canadian.....	98	0	100	0				Java, white, c. & f. India	Nominal.				Dressing Hides.....	1	4	2	
American.....	93	0	96	0				Oct-Dec.....					Ro. Eng. Calif. 20/30 lb.	3	6	4	
BUTTER—								Yellow Crystals.....	17	7½			Aust. Bends.....	1	1	6	
Australian.....	115	0						Cubes.....	21	10½	22	4½	VEGETABLE OILS—				
New Zealand.....	116	0						Crushed.....	20	0	20	1½	Linseed, naked, p. ton net	27/7/6			
Danish.....	125	0	128	0				Granulated.....	18	0	18	10½	Rape, refined.....	35/10/0			
CHEESE—								Home Grown.....	17	9	18	1½	Cotton-seed, crude.....	28/0/0			
Canadian.....per cwt.	64	0	65	0				TEA—					Coconut, crude.....	22/17/6			
New Zealand.....	61	6	62	0				Indian—per lb.—					Palm.....	18/7/6			
English Cheddars.....	70	0	74	0				Pekoe.....					Oil Cakes, Linseed, Eng.	8/5/0			
English factory.....	58	0	60	0				Broken Pekoe.....					per ton				
Dutch.....	46	0	52	0				Orange Pekoe.....					do. Siam—Linseed—				
COCOA—								Broken Orange Pekoe.....					La Plata, p. ton, Aug.	12/5/0			
(Duty, British grown,								Broken Orange Pekoe.....					Calcutta—per ton	14/7/6			
11/8; foreign, 14/- cwt.)								Broken Orange Pekoe.....					Turpentine, per cwt.....	39	9		
Accra, f.f.....per cwt.	28	3	28	6				Broken Orange Pekoe.....					PETROLEUM PRODUCTS—				
Trinidad.....	57	6	63	0				Broken Orange Pekoe.....					Motor Spirit, No. 1, Lon.				
Grenada.....	50	0	54	0				Broken Orange Pekoe.....					don.....	1	5		
COFFEE—								Broken Orange Pekoe.....					Petroleum, Amer. rid.	0	8½		
(Duty, British grown								Broken Orange Pekoe.....					bri. London.....per gal.	0	8½		
4/8; foreign, 14/- cwt.)								Broken Orange Pekoe.....					Fuel oil, in bulk, for				
Santos sup. c. & f. cwt.	40	6						Broken Orange Pekoe.....					contracts, ex instal.				
Colombian, good.....	46	0	55	0				Broken Orange Pekoe.....					Thames.....				
Costa Rica, med. to good	52	0	72	0				Broken Orange Pekoe.....					Furnace.... per gall.	0	4½		
East Indian.....	45	0	62	0				Broken Orange Pekoe.....					Diesel.....per gall.	0	4½		
Kenya, medium.....	44	0	56	0				Broken Orange Pekoe.....					ROSIN—				
EGGS—								Broken Orange Pekoe.....					American.....per ton	15/5/0	17/5/0		
English.....per 120	14	6	15	3				Broken Orange Pekoe.....					RUBBER—				
Danish.....	10	3	10	6				Broken Orange Pekoe.....					St. ribbed smoked sheet				
FRUIT—Oranges—								Broken Orange Pekoe.....					per lb.	0	7½		
South African.....boxes	12	0	20	6				Broken Orange Pekoe.....					Fine Hard Para per lb.	0	10½		
Brazilian.....	14	0	19	0				Broken Orange Pekoe.....					SHELLAC—				
Lemons, Malaga.....cases	18	0	28	0				Broken Orange Pekoe.....					TN Orange.....per cwt.	55	0	60	0
Sicilian.....	18	0	28	0				Broken Orange Pekoe.....					SHELLS—				
Apples: Amer. (var.) bria.	18	0	28	0				Broken Orange Pekoe.....					W. Aust. M.o.P.	2	10	10	0
" (var.) boxes	18	0	28	0				Broken Orange Pekoe.....					TALLOW—				
" Australian.....	6	0	11	0				Broken Orange Pekoe.....					London town.....per cwt.	22	6		
Onions—								Broken Orange Pekoe.....					TIMBER—				
Valencia, case.....	14	0	16	0				Broken Orange Pekoe.....					Swedish u/s 3 x 8.....per std.	18	5	0	
Egyptian, bags.....	10	0	15	0				Broken Orange Pekoe.....					" 2½ x 7.....	17	15	0	
Grapes, Almeria, barrels	10	0	15	0				Broken Orange Pekoe.....					" 2 x 4.....	15	15	0	
Grapefruit, S. African ...	12	0	18	0				Broken Orange Pekoe.....					Can'dn Spruce, Dis.	21	15	0	
LARD—								Broken Orange Pekoe.....					Pitchpine.....per load	9	10	0	
Irish bladders.....	58	0	64	0				Broken Orange Pekoe.....					Rio Dais.....per std.	82	0	0	
U.S.....per cwt.	57	0	59	0				Broken Orange Pekoe.....					Teak.....per load	26	0	0	
								Broken Orange Pekoe.....					Honduras Mahg. logs.....c. ft.	0	12	0	
								Broken Orange Pekoe.....					African.....	0	6	0	
								Broken Orange Pekoe.....					Amer. Oak Boards.....	0	6	0	
								Broken Orange Pekoe.....					" Ash.....	0	6	0	
								Broken Orange Pekoe.....					English Oak Planks.....	0	7	0	

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations unless otherwise stated)

	Aug. 7, 1935	July 8, 1936	July 29, 1936	Aug. 5, 1936		Aug. 7, 1935	July 8, 1936	July 29, 1936	Aug. 5, 1936
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	90½(c)	105½(b)	108½(c)	113½(c)	Sugar, Cuban Centrifugals, 96 dog., spot, per lb.	3-16	3-70	3-65	3-65
Maize, nearest future, Chicago, per bushel	75½(c)	81½(b)	94(c)	106½(c)	Cotton, middling, spot, per lb.	11-85	13-23	12-80	12-59
Oats, nearest future, Chicago, per bushel	30½(c)	36½(b)	38½(c)	42½(c)	Rubber, smoked sheet, spot, per lb.	11½	16½	16½	16½
Rye, nearest future, Chicago, per bushel	44½(c)	71(b)	76½(c)	82½(c)	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	62½(b)	66(c)	75½(c)	Copper, "Electrolytic," Domestic, spot, per lb.	7-72½	8-95	9-27½	9-27½
Coffee, Rio No. 7, cash, per lb.	8	9½	9½	9½	Copper, "Electrolytic," Export prompt, per lb.	7-95	9-17½	9-50	9-50
Santos No. 4, cash, per lb.	4-51	5-95	6-13	6-10	Spelter, East St. Louis, spot, per lb.	4-50	4-75	4-80	4-80
Cocoa, Accra, nearest future, per lb.	4-51	5-95	6-13	6-10	Lead, spot, per lb.	4-20	4-60	4-60	4-60
					Tin, "Straits," spot, per lb.	52-37½	43-50	43-12½	42-75

* July 7.

(a) Nominal.

(b) July futures.

(c) September futures.

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indefatigably set himself to secure a general agreement between Britain, France, Belgium, Portugal, Sweden, Germany, Italy and Russia to "keep the ring" in Spain, to keep it absolutely and effectively, and not to permit interested intervention in accordance with the political sympathies of other Powers, either through private persons or organisations. In this commendable task, M. Blum has had to withstand a powerful section of the Popular Front in his own country. French Government supporters, seeing repeated supplies of aircraft and goods sent from Italy to Spanish Morocco (another 21 Italian aeroplanes were reported to have arrived there on Sunday), and noting the "delayed action" of Signor Mussolini in translating an acceptance of M. Blum's proposal "in principle" into practice, are for immediate and timely assistance of all kinds to the Spanish Government. The reported departure from London on Thursday of aeroplanes destined for both sides in Spain may encourage the French Popular Front's demands. Last Saturday, pending the receipt of replies from those Powers (Italy, Germany and Portugal) whose attitude gives most cause for anxiety, M. Blum and his colleagues took the further positive step of prohibiting the export from France to Spain of all war materials, from private as well as from public sources, and including, provisionally, even civil aeroplanes. While this French action gives the legitimate Government of Spain much shorter measure than the plenitude of its rights under international law, it may perhaps be argued that, with a civil war raging all over the country, it is to Spain's interest, as well as to that of Europe, that the fire should not be fed by an inflow of munitions which might pass from one hand to another in the chances and changes of a fluctuating struggle—which ever the party to which they had originally been consigned. But the obstinately delayed reply of Signor Mussolini has led the Socialists and Communists in France to face M. Blum with a joint demand for a time-limit to his proposals, after which France might be free to help the Spanish Government.

He may therefore fairly ask that Italy, Germany and Portugal shall give replies which will be as satisfactory as those already received from Belgium, the United Kingdom and Russia. Russia has now agreed to the proposal unconditionally. Of the three Powers in question, both Italy and Germany have admittedly received serious provocation—against which they have quite legitimately lodged strong protests at Madrid—in the killing of several of their nationals. The German Government, in advance of its reply to France, has already (so it is reported) given official assurances in London that no war materials either have been sent or will be sent to the Spanish rebels, to the knowledge of the German Government. On the other hand, Signor Mussolini has parried M. Blum's proposal by making the very counter-move with which, in April, he eluded the League Council's request to him to treat for peace with Abyssinia. He has accepted "in principle," and at the same time attached conditions which are calculated to make any fulfilment impossible. He has stipulated that "non-intervention" must include abstention, not merely from sending war supplies, but from expressions of sympathy. This reply is disingenuous—besides being impertinent on the part of a Government which has already been caught red-handed in the act of supplying the Spanish rebels with military aeroplanes and pilots drawn from its own air force.

Portugal's attitude appears to depend on the situation on her frontiers; in that case the Spanish Government's own suggestion of an international naval and air force to prevent filibustering has much to commend it. In any case, it will be nothing short of an international scandal—and a very costly one, at that, to the British—if the democratic Powers ensure the collapse of the Spanish Government's authority by allowing interested foreign parties to assist the rebels, while the democratic Powers themselves refuse help to either side. Such a stultification of foreign policy, of international right, and of good sense alike, would go a long way to ensure the collapse of more than Spanish democracy. It would go far to render the position of Great Britain—in Europe, in the Mediterranean and in the Empire—strategically untenable. We trust that those still responsible for the direction of British foreign policy have by now learned what British inaction over Continental events—as far away as Abyssinia or as near as Gibraltar—may cost the British people.

MONEY AND RECOVERY

THERE are few more hotly disputed issues than the influence of monetary policy on business activity. Yet there is none which deserves more dispassionate consideration; and it may therefore be hoped that the all-important lessons of the last seven years of depression and recovery will be most carefully studied. Almost every observer of economic affairs probably regards monetary policy, in the widest sense, as more important than he did seven years ago; and this impression will probably be strengthened by perusal of a new and extremely interesting Review published by the League of Nations.* This Review prompts the reflection that, if unanimity is yet far away, our knowledge and comprehension of monetary phenomena are at least advancing.

The most obvious and significant fact which emerges from the Review is that no single major country has overcome the great depression without undertaking a policy of monetary expansion of one kind or another. Of the six major capitalist countries, four, Great Britain, the United States, Germany and Japan, embarked on expansionist policies between 1931 and 1935; and two, France and Holland, did not. The percentage changes in industrial production in these six countries between February, 1933, and February, 1936, are given by the Review as follows:—

	%		%
Germany ...	+ 79.2	U.K. ...	+ 35.2
U.S. ...	+ 49.2	France ...	- 3.9
Japan ...	+ 38.7	Holland ...	- 8.3

Moreover, the only two major countries in which no recovery has yet taken place to-day, Holland and Switzerland, are the only two in which no determined effort at monetary expansion has been made.

It is also true that in every one of the countries which have overcome depression, recovery did not begin, if we discard the hardly discernible "false starts" of early 1931 and late 1932, until expansionist policies had already been undertaken. It is, of course, open to anyone to maintain that recovery would have come without positive expansionist policies if only the countries concerned had waited long enough. In fact, however, it never did; and Holland and Switzerland are waiting still.

When one examines the actual expansionist policies adopted, one finds that they have been markedly different in different cases; or rather they fall, as the League Review shows, into two main types. The first of these is "banking policy," under which head the Review discusses Great Britain, Sweden, South Africa, Australia and Canada; and "deficit financing" under which it discusses the United States, Germany, Japan and Chile. By an expansionist "banking policy," the Review means, in general, increases in the volume of bank deposits and reductions in the rate of interest. Great Britain is rightly taken as the classical case of recovery by banking policy. It is pointed out that the influx of gold after 1931 and the open-market purchases made by the Bank of England in 1932 and 1933 expanded the commercial banks' cash reserves and so forced the banks to buy Government securities and thus to lower the long-term rate of interest. How far the housing boom in this country was stimulated by cheap money and how far by cheap food, is, of course, disputable, but few will deny that cheap money was an indispensable condition. Seen in the retrospect of five years, and in the whole context sketched by this Review, perhaps the most significant feature of British recovery is that it followed an expansionist banking policy entirely unaccompanied by any species of "deficit financing."

In Germany, Japan, the United States and Chile, on the other hand, "deficit financing" was almost certainly the major factor. In Germany credit creation was little more than the servant of re-armament; and in the United States (after the initial "psychological" recovery of 1933), Japan and Chile there is evidence that Government spending was the most positive and persistent factor in increasing demand. In a large number of countries, in fact, where psychological conditions were for one reason or another unfavourable, it has been found necessary for the authorities not merely to expand the stock of money but actually to see that it is spent. This is a significant

* "Money and Banking 1935-36. Volume I. Monetary Review." Economic Intelligence Service. League of Nations. London: George Allen and Unwin.

lesson, some of the implications of which the present League Review seems to ignore. For the Review is much preoccupied with the measurement of the "volume" and "velocity" of circulation of money. But surely the relevant factor is neither "volume" nor even "velocity" (which in any case is a very artificial conception), but what may be called the stream of effective demand, i.e. the total stream of money spent on finished goods. It is really this stream which policy seeks to stimulate or diminish; and the whole discussion would be greatly clarified if it were realised that alterations in gold parities, money volume and interest rates are only effective in so far as they affect total demand. They may succeed in this, as in Great Britain, where the War Loan conversion and other factors led to a growth of "confidence" by stimulating investment in durable goods; but it may prove necessary, as in the United States and elsewhere, for the Government to stimulate demand directly by public works and deficit financing.

Such financing, however, if it is to increase effective demand, must be accomplished by the creation of credit and not by the borrowing of existing savings. This is very clearly brought out by the Review. Why, it asks, did the persistent Budget deficits in the deflationary gold bloc between 1932 and 1935 have no reflationary effect, while similar deficits had a pronounced reflationary effect in Germany, the United States and Japan? The main answer, apart from psychological factors, is of course that in the three latter countries deficits were financed by credit creation, while in the gold bloc they were not. Indeed, the position can be emphasised even more clearly by examination of the history of France since the summer of 1935. In July and August, 1935, the exigencies of armament finance in France made it impossible for the Treasury to carry on any longer without large indirect advances from the Central Bank to the State. At once, despite a very high interest rate and even great business pessimism, production began to increase and prices to rise. Government expenditure without credit expansion, in fact, may be just as ineffective in stimulating effective demand as credit expansion without Government expenditure.

Why, in turn, was it that in the deflationary period the gold bloc's Budget deficits were not financed by new credit? Because, at the existing exchange rates, an increase in the effective stream of money must have increased the disequilibrium between internal and external costs; and it was consequently the deliberate policy of the Governments concerned to reduce costs rather than increase demand. This, if practicable, might have been a successful policy. But it is perhaps the most important single lesson of the Great Depression that not one industrial country has overcome disequilibrium by reducing costs alone, partly owing to the depressing psychological effects of deflationary campaigns. It would have added to the value of the League's Review if it had emphasised the fact that not even the German, Italian and Japanese Governments, with all the apparatus of oppression at their command, were able to achieve recovery by deflation. Since the majority of money costs were in practice irreducible, effective demand had to be increased; and this could only be done in the first instance, where a currency was overvalued, by the alteration of the exchange rate or the imposition of exchange restrictions.

In short, monetary ease and low interest rates have been shown to be the indispensable conditions of recovery in a world where sweeping reductions of costs are in practice impossible. But they are only the conditions. The actual stimulus to spending or investment may come from favourable psychological conditions, such as an access of business confidence or a general belief that prices are going to rise. It may be, however, that the effective stream of money, as opposed to the total stock, has to be directly stimulated by further Government action. This action again may take many forms, such as the execution of public works or the financing of deficits; and the exact form it should take must clearly be determined by circumstances. The most important of these circumstances is the general economic background; for it is evident that if the economic structure has become for any reason badly out of balance, monetary or financial policy alone cannot be relied upon to effect the necessary adjustments. Some-



7, CHANCERY LANE, LONDON

thing, however, will have been learned from the experience of the Great Depression if the hopelessness of merely trying to reduce costs is recognised, and if those responsible for monetary policy take as their primary objective the stimulation of the effective stream of money demand and the level of employment, rather than mere alterations of the quantity of money, gold parities or rates of exchange.

OVERCROWDING

THE Housing Act of 1935, which embodied the Government's measures for remedying overcrowding, laid upon local authorities the duty of surveying the extent of overcrowding in their districts and of reporting the results of their survey to the Minister of Health. This survey has been pushed forward with commendable promptitude and the Report of conditions in England and Wales* was published before the end of July. A preliminary notice of it appeared in the *Economist* of August 1st. The peculiar value of this Report lies in the fact that it gives figures not only for overcrowded dwellings, but for all other working-class dwellings as well. No less than 8,924,523 dwellings were inspected and information on the relation between number of inhabitants and number of rooms is tabulated for all these dwellings. The information is given not only in the aggregate but also separately for each housing authority in the country. The result can truly be described as a Domesday Book of working-class housing.

The figures of overcrowded families given in the Report can only be understood with reference to the standard of overcrowding laid down in the Act. That standard is complicated. There is a basic table showing the "permitted number" of inhabitants for dwellings with varying numbers of rooms. But the table is modified by a requirement for separation of the sexes (assumed to be satisfied in all dwellings of two or more rooms), and by the fact that children of under ten are counted as half a person, and babies under one year old entirely ignored. Finally, there is a second table which reduces the "permitted number" where the rooms are small.† Any dwelling which contains more than the "permitted number" of persons is overcrowded.

It is difficult to obtain an exact idea of the meaning of a complicated definition such as this, and a few examples will assist. They will best serve the purpose of clarification if they are examples of what does not constitute overcrowding. A small family of father, mother and one child under

* Report on the Overcrowding Survey in England and Wales, 1936. H.M. Stationery Office. 157 pages. 8s.

† The Note on page 217 of the *Economist* of August 1st was partly in error on this point. The "permitted number" is reduced where rooms are unduly small, but it is not, as was stated, increased where the rooms are unusually large.

ten can live in two rooms, one of 90 square feet (say 10 feet by 9 feet) and one of 70 square feet (say 10 feet by 7 feet) without being overcrowded. If they have a second child between the ages of one and ten, the second room must also be of 90 square feet. A family of two parents, two adolescent children, two younger children and a baby can live, without being counted as overcrowded, in three rooms, one of 110 square feet and two of 90 square feet each. The same accommodation is considered adequate for two parents and as many as seven children, provided none of them is over ten, and one of them is less than a year old. To take an admittedly extreme case, a single adult with eight children under ten and twin babies less than a year old could inhabit the same three rooms without being overcrowded. Moreover, the dimensions of the rooms should be visualised. Even a room of 110 square feet would be accounted a small room in most middle-class households.

Criticism of this standard can legitimately be countered by the reminder that it is a pioneer attempt, a first step to be followed by others. But even when this is borne in mind, it is clear that any family which falls below this standard must be very badly overcrowded; it is a measure not so much of overcrowding as of severe overcrowding. The standard can also be criticised from another angle. The Survey revealed that 341,554 families are overcrowded on the statutory definition. But it also showed that 283,844 more families are on the verge. These are the families whose number of "persons" is exactly equal to the "permitted number" of the dwelling in which they live. If one child in one of these families were to pass its first or tenth birthday, or if one room were to be a few square feet smaller, that family would be overcrowded. There are no less than 623,429 families who are below the "permitted number" only by half a unit. Wherever the line of definition is drawn, there are bound to be many families who will just escape being overcrowded. But when the line is drawn in such a way that almost as many are on the verge as actually below, it becomes rather absurd. Sociological frontiers, like political frontiers, should be drawn so as to leave whole districts or sections on one side or the other; they should not describe an intricate zig-zag through categories which to the onlooker are homogeneous. It is stated in the Report that if the standard laid down (for another purpose) in the Housing Act of 1930—which may be roughly defined as a bedroom plus living accommodation for every two "persons"—had been adopted, the number of overcrowded families would have been 853,000. This figure may be taken as a truer measure of the problem, and the improvement of the conditions of the 341,000 now defined as overcrowded can only be regarded as a first step.

Overcrowding is not evenly spread over the whole country. On the contrary, there are two large areas and one small area, where it is much worse than elsewhere. These are London (especially the East End), Northumberland and Durham, and Caernarvonshire and Anglesey. These are the only areas where overcrowded families (on the statutory definition) are more than 6 per cent. of all families. In these areas the percentages are: London, 7.0; Northumberland, 11.2; Durham, 12.0; Caernarvonshire, 6.2; Anglesey, 9.5 per cent. In searching for the cause of this geographical concentration, one interesting fact emerges. In the country as a whole, the largest single category of overcrowded families is those of 5½ and 6 "units." But in each of the three worst areas (except Caernarvonshire) the largest single group is families of 3½ and 4 "units." This suggests very strongly that the cause of the peculiar overcrowding in these areas is the smaller average size of dwellings. In London, small dwellings may be due to the mere size of the city and the inability of the population to spread itself more widely. In the other two areas it must presumably be due to local custom in erecting smaller dwellings. This is certainly true of the indigenous "Tyneside flat." These three areas contain 39 per cent. of all the overcrowded families.

Another fact which emerges very clearly from the survey is the extent to which overcrowding is due to the large family. It has already been mentioned that the largest single group of overcrowded families consists of those of 5½ and 6 "units" (i.e. two parents with from four to eight children over one year old). The same fact can be strikingly illustrated in another way. The size of the

average "uncrowded" family is 3.11 "units." The size of the average "overcrowded" family is 5.60 "units." This means that the average overcrowded family has about 2½ times as many children as the average uncrowded family. These figures of average size enable us to compile some impressive aggregates. A total of 341,000 overcrowded families with an average size of 5.60 "units," means 2,413,600 overcrowded "units." If we make the further reasonable assumptions that each family contains, on the average, two adults and children, and that children, on the average count as two-thirds of a "unit," we arrive at the figure of 1,841,400 overcrowded children. A similar calculation for uncrowded families enables us to conclude that 11½ per cent. of the children in the country are overcrowded. This is on the statutory definition of overcrowding. If the standard of the Act of 1930 were adopted the figure of 11½ per cent. would be more than doubled. By any satisfactory test of overcrowding, at least a quarter of the nation's children are deprived of sufficient housing space for their normal development.

The Survey having been made, the Act calls upon the local authorities to estimate how many new houses will be needed to remedy overcrowding, and to draw up plans for providing these houses, unless there is reason to believe that they will be provided by private enterprise. Clearly 341,000 new houses are not required for 341,000 overcrowded families. The Report makes a tentative estimate of 200,000, or of 500,000 if the standard of the Act of 1930 were adopted. (The *Economist*, in estimating the demand for houses in March, 1934, gave a "lower limit" of 200,000 and an "upper limit" of 800,000.) When it is borne in mind that there are still 150,000 houses to be built on slum clearance programmes already adopted, and that only 81,000 Class "C" houses were built in the last six months, it will be seen that the task is sufficient to require the utmost energy on the part of local authorities for some time to come.

It is impossible, however, to read the Report without doubting whether the provision of houses by itself will remedy the situation. Overcrowding does not appear, in the main, to be due to a shortage of houses. That may be true to some extent in London, but in the whole country 46 per cent. of all families have more than double the minimum standard. Moreover, when the new houses have been provided, will the large overcrowded family be able to afford them, or will the prohibition of overcrowding merely compel the large family to increase its expenditure on rent at the expense of food? At present the overcrowded family is not only 80 per cent. larger than the uncrowded family, but it can only afford a dwelling 38 per cent. smaller. The Report shows that overcrowding is perceptibly worse in municipally-owned than in privately-owned houses, a fact which is attributed to the preference given by local authorities to large families. But this means that the provision of standard "Council houses" for overcrowded families would accentuate rather than solve the problem. Oversize houses, on the other hand, would be more expensive. The conclusion would seem to be inescapable that provision of houses alone will not abolish overcrowding unless at the same time either the large family is given a larger income out of which to afford an adequate dwelling, or else it is enabled, by means of differential renting, to get more space for the rent shilling than its less congested neighbours. This is an aspect of the problem which neither the Government nor public opinion has yet resolutely faced.

BRITAIN'S FISHING INDUSTRY

ALTHOUGH the fishing industry falls within the category of depressed trades owing to loss of markets at home and abroad, it is still an important constituent in Britain's national economy. Of all the major foodstuffs consumed in this country fish is the only one in which home production is more than sufficient to satisfy domestic needs. The industry falls mainly into two sections—concerned respectively with "demersal" and "pelagic" fish. Cutting across this classification is the division between inshore and deep-sea fisheries. Inshore fishing, a survival from more

primitive times, is carried on from small boats by fishermen inhabiting the many small villages scattered around the coasts of our islands. Of minor economic importance today, it is often combined with semi-agricultural pursuits. Shellfish are the principal product of the inshore fisheries, whose only advantage over the deep-sea fisheries is the superior freshness of their product.

Pelagic fish—of which the herring is by far the most important representative—are those generally found near the surface of the sea and caught by drift nets. Since herrings only come together in shoals for spawning, drifting is seasonal in character. Spawning, however, occurs at different times in different latitudes. Herring fishing begins off the west coast of Scotland towards the end of May, proceeds clockwise round the coast, and ends off Cornwall about Christmas time. For the remainder of the year practically no herrings are landed by British drifters, though it has been suggested that the period of winter fishing could profitably be extended. Owing to the perishability of their product the drifters are seldom away from port for longer than twenty-four hours. On arrival, the herrings are sold by auction for resale fresh, or for kippering, curing or canning. This branch of the fishing industry now employs some 15,000 men, most of whom are entirely dependent on it. The typical drifter is propelled by steam engine or petrol motor. Few sailing vessels are now used, but much of the tonnage in this branch—especially in Scotland—can be classed as obsolete.

The herring industry has recently been acutely depressed. The decline in its fortunes finds reflection in many ways—in the low price of the product, the poor returns accruing to the fishermen, a decline in numbers employed, and, inevitably, in the existence of obsolete equipment and surplus capacity. Production was expanded during the war, but, as the accompanying table shows, the demand has subsequently suffered a progressive decline:—

WET FISH—SUPPLIES AND PRICES *

Description	1913	1925	1929	1932	1934	1935†
HERRINGS						
British Taking:—						
Quantity ('000 cwt.)	11,763	7,101	8,264	5,209	4,787	5,680
Value (£'000)	4,413	3,779	3,577	2,159	1,593	1,960
Average value per cwt. (s. d.)	7/6	10/8	8/8	8/4	6/8	6/11
Imports:—						
Quantity ('000 cwt.)	1,236	754	902	598	346	562
Value (£'000)	337	465	495	274	172	213
Average value per cwt. (s. d.)	5/6	12/4	11/0	9/2	9/11	7/7
Exports:—						
Quantity ('000 cwt.)	9,962	5,650	7,067	4,230	3,397	3,790
Value (£'000)	5,921	4,964	5,341	2,949	2,212	2,440
Average value per cwt. (s. d.)	11/10	17/7	15/1	14/-	13/-	12/10
WHITE FISH						
British Taking:—						
Quantity ('000 cwt.)	11,096	11,756	12,324	13,939	13,399	13,792
Value (£'000)	9,096	14,663	15,294	12,729	13,755	13,698
Average value per cwt. (s. d.)	16/5	24/11	24/10	18/3	20/6	19/10
Imports:—						
Quantity ('000 cwt.)	868	2,249	2,637	1,891	1,500	1,503
Value (£'000)	665	2,862	4,131	2,122	1,796	1,894
Average value per cwt. (s. d.)	15/4	25/6	31/4	22/6	23/10	25/2
Exports:—						
Quantity ('000 cwt.)	847	872	964	801	693	664
Value (£'000)	1,321	1,975	1,963	1,285	1,065	1,013
Average value per cwt. (s. d.)	31/2	45/7	40/9	32/1	30/9	30/6

* Figures of British takings relate to Great Britain; those of imports and exports to the United Kingdom.

† Trade figures for 1935 are not strictly comparable with those for earlier years.

Although some herrings are imported into this country, a large proportion of the British catch is sold in markets overseas. The drastic contraction of some of these markets—especially Russia and Germany—is mainly responsible for the severe depression in the industry. Owing to poverty on the Continent, tariff barriers, currency difficulties and increasing competition from other exporting countries, the volume of British exports in 1935 was only about 38 per cent. of the 1913 level, the average value per cwt. being only slightly above the pre-war figure. Home demand has also declined. Various reasons have been advanced for the herring's loss of popularity, including unpleasant odour during cooking; its abundance of bones; its unsuitability for the fried fish trade; the seasonal character of supplies and the competition of white fish. Whatever the reason, the estimated consumption of herrings in Great Britain has fallen from about 13 lbs. per head per annum immediately before the war to about 8 lbs. at present.

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The severity of depression in the industry caused the Government to take action in 1933 by setting up the Sea-Fish Commission, under the Sea-Fishing Industry Act, to suggest means of reorganisation. The drastic recommendations proposed two years ago by the Commission in its report on the herring industry* were not fully implemented in the Herring Industry Act, passed in the spring of 1935. The Act, however, set up a Herring Industry Board (whose activities have already been discussed in these columns) charged with the task of drafting a comprehensive scheme. This scheme secured the approval of Parliament and came into force on June 1, 1935. The Board may conceivably be able to stimulate home consumption; but it is upon the expansion of exports that the salvation of the industry depends and, here, unilateral action will not suffice. Limitation of imports would be of little use, since imports are not directly competitive with home supplies.

The more important branch of the deep-sea fisheries—judged both by the value of the catch and the numbers employed—is concerned with white or demersal fish, which are generally found near the bottom of the sea. The principal varieties of white fish are cod, haddock, hake, plaice, sole, skate and ray. All may be caught in one of three ways—by trawls, seines or lines. By far the largest part is obtained by trawling—especially steam trawling—which now produces about 90 per cent. of British landings of white fish. The seine is a drag-net with long wings set in a semi-circle, which is hauled by lines at each end from an anchored vessel. Where "lining" is employed, the lines may vary from hand lines with but few hooks to "great" lines with many hundreds. White fish is less perishable than herrings, and steam trawlers may, therefore, leave their home ports for days at a time. The fish are generally sold by public auction to wholesale merchants. Billingsgate, incidentally, now handles almost one-quarter of the total white fish landed in Great Britain.

The impact of depression has been less severe on this branch than on the herring industry. Earnings reached a post-war peak in 1929, but fell sharply in the following three years. A subsequent improvement has restored prices to well above pre-war levels. Imports showed a rising trend after the war, but British landings were roughly stationary until 1926, when considerable expansion followed the discovery of new fishing grounds. In consequence, partly, of a change-over of demand from herrings, white fish consumption gradually expanded until 1931, and increased supplies were absorbed with little effect on prices. The average value per cwt. dropped sharply in the depression years, but the problems of the industry were not complicated, as in the case of herrings, by dependence on contracting foreign markets.

* "Sea-Fish Commission for the United Kingdom. First Report: The Herring Industry." Cmd. 4677. H.M. Stationery Office. Price, 9d. net.

The onset of the slump led the Government to pass measures for the control of white fish supplies. The Sea-Fishing Industry Act of 1933 provided for the regulation of foreign landings, for the restriction of fishing in northern waters, and for the conservation of stocks. In view of the weaknesses in the organisation of the white fish industry and the existence of surplus capacity, the Sea-Fish Commission in its report*, published last March, recommended the appointment of a Development Commission. This body, which would be independent of the industry, would be entrusted with the drawing up of a comprehensive scheme of reorganisation in consultation with existing organisations. No Government action has, however, been taken, and none is apparently contemplated in the near future.

INSIDE SPAIN

We have received the following message, dispatched by our correspondent in Madrid on August 9th, describing the course of the Spanish revolt:

THIS struggle between the two Spains had to come sooner or later. The cost is going to be terrible whatever the outcome; but at least the air will be cleared, and there will not always be the eternal menace of storm on the horizon. The movement had apparently been prepared for August or September, but the murder of Don José Calvo Sotelo, the Conservative leader, who would doubtless have been the figurehead, precipitated events.

The fourth week of the military rebellion has been entered, as this is written. Seen from Madrid, time seems to be on the side of the Government. The splendid way in which the citizens of Madrid rushed to arms was a fine page in the history of democracy. But they had little training or organisation. Each day that passes permits reorganisation and military training of these militias. These forces form the backbone of the Government forces. Not that large sectors of the loyal regiments and the police are not fighting lustily for the Republic. But even among loyal forces there has been treason and sabotage by officers who had been trusted. The civilian militias have little military experience, but the Government can trust leaders and men to the very utmost.

The display of organisation, the use of uniforms and the other typical features of mass movements are much more in evidence on the side of the Government supporters than among the rebels. As far as Madrid is concerned, discipline has been excellent. In the early days, when almost every working man in Madrid had a rifle in hand, the jewellers' shops were open as usual, with their windows full of valuables, without the slightest attempt at theft being registered. Nor during that time did I see a single drunken man, although these armed men could have free drinks in any bar or café. To-day all this is organised. Sentries guard restaurants and cafés and prevent more than the regular number of militiamen supplied with food by each establishment from entering. In smart hotels these working men in blue jeans sit in the dining-room and eat with grave solemnity and excellent manners. They take the food that is given them and the one glass of wine allowed without any comment or protest. One veteran newspaper correspondent, who has covered almost every big story in the last thirty years and who is decidedly Right Wing in sympathies, told me he had never met such a likeable and courteous people.

This does not, of course, exclude violence and cruelty in moments of battle or of passion. An armed mob which will pass a jeweller's shop with indifference may react very violently against a church, because of the close political connection between the clericals and the conservatives.

So far Madrid has never been in serious danger of capture by the rebels. Your correspondent has in the last fortnight motored many hundreds of miles over the mountains which form the fighting line and has never seen any suggestion of a real decisive push. The militiamen and the other loyal forces have always been able to hold the rebels without undue effort or loss, and this although at the beginning at least the rebels had much better material and equipment.

* Sea-Fish Commission for the United Kingdom. Second Report: The White Fish Industry. Cmd. 5130. H.M. Stationery Office. Price, 2s. net.

The Government is itself considerably to blame for the poor Press which it appears to have had abroad, at least during the first two weeks. It does nothing to help or inform the foreign Press, and from the first established a censorship so restrictive and so unreasonable as to make it virtually impossible for responsible correspondents to fulfil their mission.

There appears to be a good deal of doubt abroad about the exact strength of the present Government of Don José Giral. These doubts are not justified. The Government has authority and is running things without having to ask the permission of outside forces. It is only natural that in moments such as these the labour forces should play an enormous rôle. Without them the Government would have been lost in a few hours; for the supporters of the non-Socialist Republican parties are not numerous nor are they well enough organised to have made any stand against the *pronunciamiento*. But with the enemy still on the doorstep all forces are united from Republicans to Anarchists. When the danger passes, it is possible that the unity also will cease; but it is very premature to speculate on this for the moment with the fight still going on.

Take the case of the militias. The great part of these are organised by the Socialists and the Communists. But they are all under the control and the direct orders of the War Ministry. Socialist and Communist leaders are constantly visiting the various fronts and keeping in contact with their men. They report back complaints or suggestions or demands for supplies to the Government authorities. There is thus a constant liaison. The fact that they have organisations all over Spain who report constantly gives the proletarian parties an efficient service of information which likewise is placed at the service of the Government.

What remains to be seen is whether or not the Republicans have been convinced by present events that complete confidence can be placed in the people as a whole. Even after the February elections the Republicans never showed signs of understanding the importance of this. Instead of pushing briskly forward with a substantial programme of practical social and agrarian reform and of dismantling the old form of State, they hesitated and marked time. If they secure victory over the rebels and fail to take a decisive lead in rebuilding the State on very different lines, they will inevitably find themselves shouldered out. But for this they will have no one but themselves to blame.

The Government has already taken over the railways and other industries. It has made it very clear that these measures are temporary. But the situation will never return to that before July 18th, no matter what happens. Much depends on how long the battle goes on. The longer the struggle the greater will be the economic damage. Nevertheless, if one might venture a prophecy in these difficult moments, it is that the economic collapse may not be quite so terrible as might appear on the surface. Spain's economic strength lies in her agriculture, and agricultural nations can stand internal convulsions with a stolidity of which more delicately organised economies are quite incapable. The basic wealth of Spain and her low population give her all the possibilities of a relatively quick convalescence.

It is rather unfortunate that this decisive clash between the two Spains should have taken place at a moment when all Europe is keyed up to great tension on the issue of Fascism. The Spanish rebels are people fighting for ideals; but it is really difficult to see that their ideals have much, if anything, to do with Fascism. Here in Spain we are witnessing a combination of the military, aristocratic and clerical classes fighting to keep the control of the nation which was slipping from their hands but which they had exercised for many centuries. In their day they led Spain to great deeds. But times change and they have failed to move with them. Spain differs from most of her neighbours in Western Europe in that she never really entered the phase of industrial development in the nineteenth century. The middle class with business instincts and responsibilities is of scant strength outside Barcelona and Bilbao. The villages remained medieval until General Primo de Rivera threw the great network of roads across the land and the cinema and radio followed. All these factors abruptly opened the

NOTES OF THE WEEK

An Anglo-Egyptian Treaty.—In Alexandria on Wednesday evening the Draft Treaty of Alliance between Great Britain and Egypt was initiated by the two sets of representatives; and the Egyptian Prime Minister and leader of the Wafd, Nahas Pasha, announced that he gladly accepted the British Government's invitation to go to London with the Egyptian delegation for the signature of the Treaty. Thus ends a long train of interrupted negotiations which began immediately after the last war, when the Wafd demanded the cessation of the British Protectorate declared in December, 1914. The Treaty now regulates the points at issue in 1923, 1927 and 1930: Egypt's right to her own defence forces; the safeguarding of Egypt and of British Imperial communications; and Egyptian participation in the condominium over the Sudan. There is now a clear path before Egypt to apply for membership of the League of Nations; and it may be that before long a fully sovereign Egypt, now responsible for her own defences, will elect to follow Turkish (and not German or Italian) precedent, and invite the Powers who enjoy extraterritorial rights, under the Capitulation Treaties extracted from the Sultan, to consider, in conclave with Egypt, the possibility of their extinction. The new Egypt, with her predominantly Wafdist Government, should soon be able to convince foreign observers of her ability to maintain law and order and to dispense impartial justice for all comers. In any case, the ceremony at Alexandria on Wednesday, in Nahas Pasha's words, "Not only opens between both countries an era of sincere good friendship, but also offers to a world undermined by a grave crisis a salutary example."

Politics and Coal.—The future of an industry on which the livelihood of 750,000 men depends is bound to be a political issue, particularly when a great number of those men believe themselves to be unfairly treated. The Labour Party's conception of the industry's future is set out in a detailed socialisation plan published last week.* In essence the plan is for a public utility corporation, appointed by the Minister of Mines from among persons competent to conduct the industry, and including workers' representatives. Compensation would be payable to existing proprietors on the basis of "the net maintainable revenues of the undertakings concerned," and it might take the form of terminable annuities or redeemable stock. The corporation would then be "responsible for the effective direction and control of the industry on a self-supporting basis, subject to any limitations or Ministerial checks which may be laid down by Statute"; and it would have power to operate hydrogenation and other "coal treatment" plant. Royalties would be publicly owned, and the cost borne by the State; i.e. the industry would to this extent be subsidised. Finally, there would be a single sales organisation for the whole industry; and research and safety would be within the charge of the corporation. The plan illustrates the tendency of the Labour Party and the trade unions to think in terms of public utility boards rather than bureaucratic "nationalisation" plans. It is doubtful, however, whether Parliament will accept so far-reaching a plan as this for some time to come. The movement of public opinion will very largely depend on the attitude of the mine-owners themselves. At present there is a widespread feeling that neither the public nor the miners obtained an altogether fair deal in the negotiations of last winter. As a result of those negotiations, it will be recalled, the miners received an advance in wages averaging 9d. a shift, and the public "voluntarily" accepted a rise of 1s. a ton in the price of most types of coal. The quarterly ascertainment for the first three months of 1936 shows, however, that whereas wages per shift rose on the average from 9s. 2½d. in the first quarter of 1935 to 9s. 11½d. in the first quarter of 1936, profits per ton were more than doubled. The owners, in fact, were better off than before as a result of the transaction. Since then the

* "Coal: The Labour Plan." 31 pages. 3d. The National Council of Labour.

central selling schemes, which should improve their position still further, have been introduced. The public will certainly demand at least some measure of reorganisation in return; and the least of these should be the compulsory amalgamation provisions dropped with the Government's Bill last spring.

A Trading Estate on the Tyne.—The first fruit of the Government's decision to organise "trading estates" in the distressed areas was announced this week. An estate of 700 acres is to be provided in the Team Valley, on the south of the Tyne, about five miles from Newcastle. The estate adjoins the L.N.E.R. main line and the Great North Road; it is situated in attractive country; and it is to be provided with ample supplies of power and other necessary equipment. There is some evidence, particularly in the reports of the Special Area Commissioners, that one reason for the unpopularity of these areas among business men is not so much the underlying economic conditions as the desire of many company directors (and their wives) to live in the West of London. For, as the sponsors of the new estate point out, there is actually a potential market of 16,500,000 persons living within 125 miles of Newcastle, or 500,000 more than those within 100 miles of London. (The argument is plain, though the comparison is a little forced, since extension to 125 miles would bring Birmingham into the London orbit.) So far, however, the Northern market has not been exploited. Instead, depression has bred depression; for, in business as in love, it seems that nothing fails like failure. There is consequently hope that if a movement of new factories into the areas is started it will gradually gather momentum. And fortunately a revival in iron, steel, shipbuilding and coal has already begun on the North-East Coast, which might provide the foundation for the development of local consumers'-goods trades. Although, therefore, the new trading estate is in itself, like the appointment of the Special Area Commissioners and the provision of cheap finance, no more than a tentative move, it is at least one move further in the right direction. The Government should spare no pains, however, to grant preference in re-armament orders to the distressed areas. And if the response of industrialists to the new trading estates is disappointing, the question of licensing new factories may have to be reconsidered.

A New Polish Move?—The German Government has subjected the Polish-German Pact of February, 1934, to many vicissitudes during the last two years. The Pact was concluded by Colonel Beck on the Polish side, with the late Marshal Pilsudski's approval, ostensibly because the French political leaders at that time showed an unmistakable disinclination to support Polish protests and complaints at the re-armament of Germany in contravention of the Treaty of Versailles. Marshal Pilsudski and Colonel Beck thereupon decided it would be better to make peace with Germany while they were in the way with her; and Herr Hitler, intent at that time on re-armament, and fearing embroilments with the Greater Powers, could afford to forgo any forcible alteration of the German-Polish frontiers for ten years. Since then, however, Marshal Pilsudski has died; his military cloak has fallen on the young and Francophile General Rydz-Smigly, who has espoused the cause of the peasants; but Colonel Beck has remained Foreign Minister. Meanwhile, the Nazi Government has proceeded from one unilateral and forcible *fait accompli* to another: the creation of a very large air force; conscription; a Baltic and North Sea navy; and the military reoccupation and refortification of Germany's western frontier. These things could not but alarm Poland; and the latest proof of Nazi "activism" in Danzig, a settlement of which Mr Eden, the League *rapporteur* on Danzig, preferred to leave to Colonel Beck, has convinced Poland that her position in an Eastern Europe for which the Nazis have free hands is

likely to be invidious. Colonel Beck declined to enter into the Eastern Locarno with Russia, the Baltic States and Czechoslovakia, when the Nazi Government refused to consider it; and the consequent failure of the Eastern Locarno negotiations left Germany almost in control of Polish foreign policy. The recent settlement of the Austrian question between Herr Hitler and Signor Mussolini, and the dangerous possibilities in Memel and Czechoslovakia, only served to accentuate Polish discomfort. Now last week-end came a surprise. General Rydz-Smigly has invited the French General Gamelin to Warsaw; and Colonel Beck is interrupting his holiday to return thither. The French Ambassador to Warsaw has returned to the Quai d'Orsay; and General Gamelin has been closeted there with M. Delbos, the Foreign Minister. The semi-official Polish Press has been talking of Poland's "faithful ally" and of the "sacrifices" which France has always known how to make for the civilisation to which Poland and France both belong. It has even been reported that General Gamelin may confer a Marshal's baton on General Rydz-Smigly; which would reconsecrate the Franco-Polish military alliance at the same time as it made General Rydz-Smigly's claims to the reversion of Marshal Pilsudski even more commendable in Polish eyes. What are we about to witness in Warsaw: a radical reorientation of Polish foreign policy? If so, it will mean the eclipse of Colonel Beck—who has always been more than a trifle Franco-phobe—and a reshuffling of the diplomatic and strategical hands in Eastern Europe. We may even see Poland and Russia brought to an understanding by the mediatory offices of France.

The New German Ambassador.—Herr von Hoesch's successor as German Ambassador at the Court of St. James's is to be Herr Hitler's personal Ambassador-at-Large, Herr von Ribbentrop. This appointment may signify that the Führer still holds to his hitherto steadily maintained foreign policy of making friendly relations with this country his first object; and this, despite all temptations to take England at Signor Mussolini's valuation, and to draw the Mussolinian conclusion that the Third Reich would be better advised to look for its chief friend towards Italy. Herr von Ribbentrop headed the German delegation to London which signed the Anglo-German naval agreement on Waterloo Day, 1935. The German policy of which this treaty is an instrument is not necessarily directed against France. We may even conjecture that Herr von Ribbentrop is in agreement with his master in hoping to find, through an Anglo-German understanding, a road towards a Franco-German one. If Franco-German relations did improve to that extent, we could even imagine Herr Hitler—with Herr von Ribbentrop at his elbow—next seeking, in concert with M. Blum, to close the breach between England and Italy. In the less radical, and probably more characteristic, mood of which Herr von Ribbentrop is probably a convinced exponent, Herr Hitler wants peace and not war between the Fascist and the Parliamentary-Democratic pair of Great Powers in Europe. Unluckily, there is another side to the picture. Herr von Ribbentrop—again faithfully reflecting his master—displays an aversion towards Russia which seems to be as implacable as his friendliness towards England is persistent. The "message" (in the American sense) which Herr von Ribbentrop may be expected to go on delivering in this country is that the Third Reich is marked out by destiny to be the saviour of Europe from Communism; and that, if and when the time comes for repelling a mighty wave of Russian aggression, the English (now assured of Germany's good-will) will surely not be so blind and so perverse as to refuse to give Germany a "free hand" for fighting Europe's battle. This "message" may, perhaps, be easy to put over in some rather narrow social circles in this country whose members do not see how very far British interests in Europe extend. But to convert public opinion in a measure that might produce practical results will be a much stiffer job. The new Ambassador has at least four qualifications for undertaking that job. He is energetic; he has the will to succeed; he is a fluent speaker of English; and his knowledge of the British Commonwealth is not confined to Great Britain,

for, as a young man before the war, he went into shirt-sleeves in Canada for the fun of it, and "made good." We may wish Herr von Ribbentrop well, without necessarily agreeing with the whole of what we take his policy to be.

A Japanese Ballon d'Essai.—During the last few days there has been a noticeable change of tone towards this country in some of the organs of the Japanese Press. The rather petulant bursts of anti-British feeling which punctuated Sir Frederick Leith Ross's mission in the Far East have been replaced by suggestions for a revival of the former Anglo-Japanese friendship. Such proposals should be carefully and sympathetically considered in a world of heavily armed Powers, all increasing the burden of their armaments as hard as they can. A genuine Anglo-Japanese *détente* would be a boon to the whole world. At the same time, when A makes a proposal to B, the first point on which A's terms ought to be scrutinised is whether they are arranged at the expense of some third and fourth party. Where A and B are Japan and Great Britain, C and D are China and Russia. We have therefore to look closely into the nature of "the territorial integrity of China," which the Japanese are now offering to respect—in addition to leaving the door open in China for British trade. It turns out that the integrity of China, as the Japanese conceive it, is something which might be called "vestigial." It is the residue left when an official recognition has been given by the British Government to "the sovereign independent State of Manchukuo," and also to Japanese "interests" in Northern China inside the Great Wall. It looks as though the Japanese expect us to give them a free hand in as much of China as they can deal with at the moment—and perhaps a free hand towards Russia as well—in exchange for an uncovenanted Japanese undertaking to respect our British commercial interests in the Yangtse Basin. The Japanese should be given to understand clearly, and without delay, that this is not the kind of bargain British public opinion will be willing to conclude. We recognise that Japan has real international anxieties and grievances; but these lie, not in our refusal to recognise the fruits of her treaty-breaking aggression in Eastern Asia, but in the exclusion of Japanese goods—by quota still more drastically than by tariff—from the markets of the world. For our part, we are confirmed by every fresh development in the arena of international politics in our conviction that the measures taken by His Majesty's present Government in the United Kingdom to turn the non-self-governing parts of the British Empire into a close preserve for United Kingdom goods are as impolitic as they are unjustifiable; and we would gladly seek an agreement with the Japanese on the lines of reopening the Crown Colonies to Japanese trade in return for a real relaxation of the Japanese grip upon China. Unhappily, our own Government seem at present no more in the mood for a bargain on this basis than are the Japanese Government.

War Clouds over Kwangsi.—The military and political situation in the South-West Chinese province of Kwangsi is still obscure—reports of heavy fighting being countered by other reports that the Kwangsi militarists are bargaining with Nanking over the price at which they shall be sent (rather fabulously *de luxe*) on "official missions abroad." However stiff the price, it is likely to cost China less treasure and less blood than a military campaign. But, whether the issue is decided by the crude imported European method of fisticuffs or by the more refined traditional Chinese method of a face-saving bargain, the decision seems likely to have a considerable effect on the destinies of the Far East. What is at stake behind the scenes is whether the southern seaboard of China shall at last be politically reunited with the Yangtse valley under an effective Central Government; or whether Canton shall continue to bicker with Nanking while the Japanese continue to dig themselves in round Peking and Tientsin. The backwoods province of Kwangsi is the military key to the command of the Far South of China; because this is the local nursery of soldiers from which the richer and more progressive sister-province of Kwangtung draws its mercenaries. It

is the combination of Kwangsi brawn and Kwangtung wits that has defeated the efforts of the Central Government to bring the South to heel. If once Kwangsi were effectively under the control of Chiang Kai-shek, then the Kwangtung problem would probably solve itself. In the modern history of China, Kwangsi—remote as it is—has already played a historic part as the home province of the founder of the Taiping: a politico-religious movement which would have swept on in its day from Nanking to Peking if the Manchu Imperial Government had not commissioned General Gordon to stem the tide. To-day, once again, Kwangsi promises—or threatens—to make its fighting powers felt in the Far Eastern area.

Britain and Argentina.—The "Roca" Agreement between Great Britain and Argentina has, after all, had to be formally denounced. On May 7th this year, it became terminable at any time after November 7th on six months' notice. The two Governments agreed, however, to reduce the period of notice eventually to three months; and the notice given by the British Government on Friday, August 7th, consequently takes effect on November 7th. The negotiations, which have so far failed to provide agreement, will be continued in the interval, and the Argentine Foreign Minister will shortly come to London. The chief question at issue is naturally the proposed levy on Argentine beef, and the proposed tightening of the quota. It has been argued in protectionist circles in this country that the Argentine farmer alone will pay the levy, since Argentina has no power to sell her beef elsewhere. But even if this were true, Argentina indubitably has power to decide the conditions under which the British-owned railways and other commercial enterprises operate—and make profits—in Argentina. And while Argentine beef-producers are not popular with nationalistically-minded British farmers and politicians, it must be remembered that British railway shareholders are not very popular either with certain likewise nationalistically-minded Argentine traders and politicians. If the interests of the British consumer, the British exporter, and the British shareholder are to be fairly treated, those of the Argentine trader must also be fairly admitted. We consider it the duty of the British Government to negotiate a new agreement at least as liberal as the expiring "Roca" treaty.

The N.U.R. Accepts.—As we surmised last week, the award of the National Railway Wages Tribunal—which substituted $1\frac{1}{4}$ per cent. for the present $2\frac{1}{2}$ per cent. reduction in railway wages, and increased overtime rates for the "conciliation grades" from time-and-one-eighth to time-and-a-quarter—had a rough passage at last Tuesday's delegate conference of the National Union of Railwaymen. The conference was actually in session for nearly eight hours, and a section of opinion voiced proposals for strike action. Ultimately, however, fifty-three representatives against twenty-six took the view that it would be unwise to bring down the new Tribunal at its first fence. The executive were authorised to accept the terms on the understanding that they would press for the restoration of the remaining $1\frac{1}{4}$ per cent., and variations in the pay for night duty and Sunday work, as soon as the companies' revenue figures for 1936 were available. At a subsequent session it was decided, further, to press for a minimum adult weekly wage of 50s. In other words, the Tribunal has secured the railways a breathing-space, but its open invitation to the men to re-open the question next March has been readily accepted. On Wednesday, the Tribunal's finding was adopted by the Railway Clerks' Association—a more or less foregone conclusion, since the Association had virtually accepted the slightly less favourable terms offered by the railway companies. The Associated Society of Locomotive Engineers and Firemen is apparently persevering with its larger claim for a six-hour day, 14 days' paid holiday each year, etc., which has reached only a preliminary stage of negotiation and, under present conditions, has no hope whatever of succeeding. For the time, however, the drivers may well be content to take the bird-in-hand which their colleagues of the N.U.R. have netted.

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Home railway securities have been active on the Stock Exchange this week, but the second thoughts of investors may be less favourable. A significant part of the fruits of contemporary traffic recovery would appear already to be effectively mortgaged for further wages concessions and for increased costs next year, when the companies' long-term coal contracts expire.

The Toll of the Road.—The Minister of Transport is keeping up his campaign for greater safety on the roads. The need for this campaign is undeniable. The figures of accidents on the roads, both by their absolute magnitude and by the comparison they make with other countries, are an indictment of the carelessness of the nation that permits them. Already this year, with only just over seven months elapsed, 3,676 persons have been killed as a result of road accidents, while the number of injuries is 132,681. The number of fatal accidents in Great Britain, as we pointed out in a leading article last week, is more than twice as large, relatively to the number of cars on the road, as in the United States. The safety campaign has been attended hitherto with a considerable measure of success. Total accidents have, it is true, increased (comparing the first 32 weeks of 1936 with the corresponding period of 1935) by 1.8 per cent. But the number of motor vehicles on the roads at the end of May was 7.9 per cent. greater than it had been twelve months previously. The number of accidents per 1,000 cars is therefore declining. Moreover, fatal accidents have been reduced by 1.9 per cent., and accidents of all kinds to pedestrians by an equal proportion. The number of pedestrians killed is 5.4 per cent. lower. But the magnitude of the figures leaves no room for complacency. In a broadcast on Tuesday evening Mr Hore-Belisha pointed out that three counties and seven towns accounted for the greater part of the increase in accidents. Stricter control in these localities can doubtless accomplish much. There is also room for much more stringent application of the legal penalties for dangerous driving. But the fundamental reason for Great Britain's shockingly bad accident record is the state of the roads. To construct a really adequate highway system would undoubtedly cost a lot of money, perhaps as much as a small war. But the annual casualties on the road are now greater than the total casualties of the British Army during the whole Boer War, and to save life is at least as economic an object as to waste it in conquest.

Banning the Horse.—Travellers by bus, tram, taxi or private car have long been familiar with the sight of numerous horse-drawn vans in the central thoroughfares of all our big cities. These slow and cumbrous vehicles may be on the move—generally proceeding in order of line from or to a railway goods depot—or they may be stationary, picking up or delivering goods. Under either condition, they undoubtedly tend to increase the congestion in our principal streets and to minimise the advantages of quick surface travel which the motor vehicle offers. Mr Hore-Belisha, Minister of Transport, has taken a fresh initiative to improve this state of affairs. He announced on Friday of last week that, in the West End of London, most of Regent Street and Bond Street, and all of Haymarket, New Oxford Street and High Holborn would be prohibited to vehicles drawn by horses ("or other

animals") (perhaps Mr Hore-Belisha feared that one day the ox-cart might again be seen in Oxford Street!) or propelled by hand. Only the local authority's vehicles for tending the surface of these streets, and vehicles proceeding to premises situated in them, are exempt. The regulations are to apply between noon and 7 p.m. on weekdays and between noon and 3 p.m. on Saturdays. They are a welcome, if modest, development; but if they show any success they may only do so at the cost of congestion elsewhere. By this slimming process, the adipose tissue of traffic may merely be removed to another place. As we pointed out in the article "Juggernaut" in our issue last week, the congestion in all our city streets grows each year with the rapidly advancing number of motor vehicles. It must needs be seriously and comprehensively tackled in the none too distant future. Possibly a general ban on the poor patient horse may be followed by the prohibition of private cars in the centre of our cities, if the interests of reasonably speedy public transport are to be adequately served.

* * *

Wheat Harvests and Markets.—The United States wheat crop this season, at 632,745,000 bushels, is barely more than that required for domestic uses. Moreover, the Secretary of Agriculture is known to favour a "normal reserve" of 100 million bushels; the maize crop, important both for human consumption and fodder, is at its lowest since 1887, at 1,439 million bushels, against 2,500 millions in recent years; other fodder crops are very poor; and a proportion of the U.S. wheat supply will be unfit for milling. Again, the Canadian wheat harvest this season is now estimated at only 197 million bushels, and the Canadian stocks carried over from former years have been reduced from 214 million bushels at this time last year to about 125 millions, of which 20 millions are already in bond in U.S.A. Canada's wheat stocks and harvest together are expected to leave anything up to 200 million bushels available for export in the current 1936-37 crop year. This is, roughly, the amount exported from Canada in 1935-36 to all other markets, so that Canada's wheat surplus, of six years' duration, may be wiped out by next July. But this year the U.S.A. will almost certainly take a good deal, perhaps the bulk, of the Canadian supply available for export. How much the U.S.A. will need depends on the Department of Agriculture's ability to keep up the "normal reserve" of 100 million bushels and on the scarcity of maize and other fodder crops in the U.S.A. Further, the fodder crops have been disappointing in Canada, too, and Canada may have to use all her unmillable wheat, and even more besides, for fodder. Estimates of the end-year Argentine harvest are so far not encouraging; though the Australian harvest may make a satisfactory showing. The Danubian and Russian harvests are likely to prove very poor. On the importing countries' side, crop failure is general, for most of these are European countries. Thus, increased demand will meet with a short supply; and the moot point, from the wheat market's as well as from the bread-consumer's viewpoint, is: How far will reserve stocks available for export ("carry-over") act as a buffer? Consequently, the relative co-incidence, month by month, of the various importing countries' needs with the availability of the various exporting countries' stocks will be the decisive factor in the principal wheat markets; and for that reason the Argentine and Australian harvests may prove crucial. The price of Manitoba wheat, c.i.f. British ports, has fluctuated during the past week about 37s. 6d. per quarter of 480 lbs. and on Monday the Wheat Commission announced a reduction in the levy per sack of flour, on account of the subsidy to registered wheat growers, from 3s. to 2s. The ruling price per sack is now 36s., inclusive of the 2s. levy payment, compared with 38s. 6d. a week ago, when the levy payment stood at 3s. per sack. Yet the price of the quarter loaf is to be raised once more from 8d. to 8½d., compared with 7½d. three weeks ago, as from next Monday. This further rise in the cost of a prime necessity will bear heavily on the unemployed and the low-earning classes.

* * *

Iron and Steel in July.—Activity in the iron and steel industry remained at a high level last month. On July 31st there were 110 furnaces in blast in the United

Kingdom, three having been blown in and five put out of operation during the month. The month's output of pig iron amounted to 661,100 tons, against 644,100 tons in June and 547,300 tons in the same month last year. Production of steel ingots and castings totalled 974,100 tons, compared with 965,900 tons in June and 803,300 tons in July, 1935. The increased output in July, compared with June, was, however, entirely due to the difference in the number of working days. On a daily average basis, the output of pig iron showed a decline of about 1 per cent. and that of steel a reduction of some 8 per cent. compared with June. A seasonal decline is, however, normal in July. Meanwhile, the strength of demand for all classes of iron and steel has led to the curtailment of August holidays in some districts, where works are operating at capacity. The position in pig iron is a little easier, and a slight seasonal reduction in orders has become apparent in the finished steel section. But demand for semi-finished steel is still expanding, and many producers are in arrears with deliveries. The requirements of the home market leave little material available for export.

* * *

Shipping Freight Index.—As measured by our monthly index, the general level of whole cargo shipping freights rose by 2.0 per cent. during July, following a rise of 2.0 per cent. in June. The current figure of 92.4 compares with 83.0 in July, 1935, and 85.3 in July, 1934. Details of the index number are as follows:—

	Average, 1913	July, 1935	May, 1936	June, 1936	July, 1936
European waters	110.0	91.7	88.0	93.3	96.1
North America	113.1	79.5	89.0	89.6	89.8
South America	123.4	82.5	85.2	92.1	87.8
India	106.3	83.4	92.5	91.2	93.4
Far East and Pacific	117.4	73.6	85.6	84.7	90.5
Australia	127.9	87.2	92.6	92.6	94.4
Total	116.3	83.0	88.8	90.6	92.4

There has been little change in shipping conditions. Rates are mainly unaltered, but Hull and Newport report a slightly firmer tendency. Movements of the various sections are as follows:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	85.5	+ 1.3	South America:—		
Bay—outwards	116.3	+ 6.2	Outwards	66.9	— 9.4
Bay—homewards	122.6	+ 19.4	Homewards	108.7	+ 0.7
Mediterranean:—			India—outwards	77.9	+ 0.7
Outwards	82.5	— 1.0	India—homewards	109.0	+ 4.8
Homewards	96.3	+ 1.8	Far East, etc.	90.5	+ 5.8
North America	89.8	+ 0.2	Australia	94.4	+ 1.8

Expressed as a percentage of the average for 1913, the complete figure of our index number for July is 79.4, compared with 77.8 for June and 71.3 for July, 1935.

* * *

American Cotton Crop.—The first cotton crop estimate for this season published by the United States Government at the end of last week was distinctly bearish, and on Monday the spot quotation in Liverpool was reduced 25 points, equal to ¼d. per lb. The report gave the condition as 72.3 per cent., against 73.6 per cent. a year ago, and the yield per acre 199.7 lb., against 198.3 lb. a year ago and 186.3 lb. for last season's crop. The estimate of the growth of 12,481,000 bales, writes our Manchester correspondent, compared with an output for last season of 10,638,000 bales, and is about 300,000 bales more than expected. Indications point to better yields in all States except Virginia, North and South Carolina and Oklahoma. The officials of the Crop Reporting Board have made allowance as in the past for probable loss due to boll weevil on the basis of reports received. These reports indicate that loss from this source will be less than average. Since the statistics were published there has been some recovery in prices, and quotations in Liverpool are now only a few points below the figures existing at the end of last week. World consumption of American cotton at the present time is about 12,500,000 bales per annum, so that indicated supplies are roughly parallel with world requirements.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE DROUGHT AND THE RISE IN PRICES

In the past two months the recurrence of drought has caused a sensational advance in the wholesale prices of a large number of foodstuffs. In the early part of the year, and indeed from the spring of 1935, there was a general sagging tendency in agricultural prices as the effects of the drought of 1934 receded; and there was a disposition to expect average or even larger crops, on the supposition that after several successive years of deficient rainfall, 1936 would bring normal rain. This expectation was pretty well borne out through May. June, however, was decidedly dry, and in July it became apparent that the drought of 1936 was comparable to the historical drought of 1934, and exceeded the drought of 1930. Apart from these conspicuous years, there are areas in the West that have not "made a crop" for five years, and in instances for seven years.

Rainfall in early August would salvage much of the maize crop and would revive the pastures. But absence of prompt and considerable rains would reduce the already small maize harvest, and, coming too late for pastures, bear heavily upon the livestock and dairy industries. The great maize crop is not sold direct to the urban consumer, but reaches him mostly in the form of maize-fed hogs. Although so far less severe, the drought of 1936 has extended over a wider area than that of 1934, and has already affected more individual farms and a greater variety of farm crops.

So far, the consensus of opinion seems to be that farm income in the aggregate has not been adversely affected. Such a conclusion should be accepted with some reservations. In certain districts the crops have been so ruined that the advance in prices means nothing. In livestock and dairy farming the rise in the costs of animal feeds is borne initially by livestock raisers and dairymen, who recoup from the consumer, provided the increase in prices is not accompanied by too great a curtailment of consumption. Certainly, urban consumer income is more capable of supporting higher food prices than in 1934; nevertheless the consequences of higher food prices cannot yet be stated with any finality. As yet, the rise in agricultural prices has been reflected only slightly in the Bureau of Labour Statistics Index; in fact, the rather wide swings of agricultural prices over the past two years are scarcely traceable. Changes in different prices have been as follows:—

PRICES OF REPRESENTATIVE COMMODITIES (Cents per unit)

	June 1, 1935	June 1, 1936	Aug. 1, 1936
<i>Agricultural</i>			
Wheat	94.75	88.13	117.25
Maize	84.00	60.13	110.00
Oats	38.25	27.88	43.50
Rye	53.88	56.38	86.00
Butter	24.75	27.50	35.25
Eggs	24.75	21.50	25.00
Cattle	10.50	8.00	8.25
Hogs	9.75	9.75	9.95
Cotton	11.55	11.79	12.89
Wool	60.39	76.99	78.28
Hides	9.50	11.00	11.00
Cottonseed Oil	9.80	8.75	10.02
Flaxseed	161.00	169.00	214.25
Lard	13.38	9.90	11.90
<i>Industrial</i>			
Copper	9.00	9.50	9.75
Lead	4.25	4.60	4.60
Zinc	4.30	4.90	4.80
Tin	51.35	44.50	42.75
Rubber	12.18	15.62	16.44
Scrap Steel	12.00	14.00	15.00
<i>Miscellaneous</i>			
Sugar	2.17	2.82	2.75
Cocoa	4.75	5.75	6.30
Coffee	6.88	7.13	8.25
Silk	1.41	1.44	1.67

Not only did the second quarter lack the seasonal recession in business activity, but activity in July was so well maintained as to make it possible that it reached a new high for the recovery. Last week's data showed that the general level of the production index averaged for the first half of 1936 somewhat more than 10 per cent. above the first half of 1935; but even more significant was the relative shift of the economy into the heavier industries exemplified by steel and non-ferrous metals production. As would be expected, this is showing a marked influence on railway freight-car loadings. Whereas during the period of the consumer goods recovery freight-car loadings hardly kept pace with the production index, in the present phase they show a relatively greater increase over last year than the production index. In fact, they are something over 20 per cent. above the corresponding figures of 1935. At the same time, the general reduction of Eastern passenger fares to a flat rate of 2 cents a mile has been accompanied by heavy vacation travel.

A RAILWAY RECOVERY

The result is that railway gross revenues have risen sharply in the last two months, and it is anticipated that the net income for July may show a rather spectacular increase in comparison with July, 1935—perhaps as much as 40 per cent. This sudden rise in railway freight traffic has occasioned talk of a possible car shortage this autumn—not so much because the movement is great as because it has come suddenly after a long period in which worn-out rolling stock has not been replaced.

As would be expected, the increase in corporate profits has far surpassed the increase in production. A tabulation by the National City Bank shows that the combined net profits of 285 industrial corporations for the first half of 1936 amounted to \$554 millions, compared with \$341 millions for the first half of 1935, an increase of 62.6 per cent. Comparison of the second quarters only returned \$311 millions compared with \$179 millions. It is not unlikely that the second half-year will show less conspicuous contrasts, for the last half of 1935 brought a marked upturn in activity and earnings.

It is difficult to avoid the opinion that the remarkable maintenance of activity in June and July reflects the actual cashing of something above \$1,100 millions of the Bonus bonds; but the influence of such a disbursement extends far beyond the initial transactions. Conversely, the period of the drought has coincided with large agricultural benefit payments, both under the old A.A.A. contracts and under the new Soil Conservation Contracts, not to mention the cumulative effects of the W.P.A. undertakings. It has taken a great deal of water to "prime the pump," but there can be no doubt that the pump is now flowing. Caution springs from a restless questioning whether this particular pump is one that requires perpetual priming.

NEW YORK, August 3.

FRANCE

RESTORING PURCHASING POWER

M. SPINASSE, the Minister of National Economy, expounded, in a recent speech delivered at Tulle, the main lines of the French New Deal. The first action of the new Government was to increase the wages of the workers. This was the first response to a social necessity, following many years of deflation, but it was also a technical withdrawal from the economic policies of former Governments. Its object was to increase the purchasing power of the masses in order to create new possibilities of consumption and to stimulate economic recovery. The main preoccupation of the Government would now be, M. Spinasse said, to maintain this increase of purchasing power by safeguarding the new margin existing between wages and prices, and so to put a brake on the rise of prices which the rise of wages

would tend to provoke. If, on the other hand, the new social charges should endanger the position of small businesses, the Minister said, the Government would come to their aid, as it has already done, by lowering the rate of interest, by increasing credit facilities and by alleviating tax burdens in a vast programme of tax reform to be undertaken in the autumn. New efforts would be made at the same time to ease the circulation of capital in the long-term and middle-term markets. Negotiations have already begun with the Caisse des Dépôts and the Crédit Foncier on this subject.

The Minister of Economy thus believes that—as at the beginning of the Roosevelt New Deal—the maintenance of the increased purchasing capacity of the workers, through a maintenance of prices, is more urgent than the restoration of the profit margin to industry and trade. This point of view is rejected by the Opposition and those who have suffered from the social laws. These persist in objecting that French prices are too high—all the more so since the new social legislation. They point out that the Roosevelt experiment was preceded by the devaluation of the dollar, which restored profit margins by adjusting prices to costs.

DEVALUATION PROSPECTS

This explains why the comments of London financial papers on the prospect of French devaluation have provoked the keenest interest in Paris financial circles. The French Government does not deny that the franc is too dear. Moreover, M. Blum, at the American Club, and more recently M. Vincent Auriol before the Chamber, emphasised the necessity of a revival of international business. But the Government maintains that there can be no question of an isolated devaluation, but only an international "alignment" of currencies, and—like the financial press—it regrets that its proposals for international collaboration do not win more accord.

Such already was the attitude of the Government to the problem when it took power in June. It is all the more its attitude now that Parliament has given it new technical means to develop its experiment. The problem of the franc is no more a financial or economic one, but a political one. And politics has reasons which economics does not know. Devaluation is still unpopular in the country, and the Popular Front, under the lead of the Communists, has condemned it. The present leaders of the main Left parties and trade union organisations have a political, if not a personal, interest in persevering with an experiment which was undoubtedly authorised by the country at the elections, but is also supposed to be justified by the "bankruptcy" of capitalism and its policy of *laissez faire*.

The Popular Front may thus be forced to impose an embargo on gold exports. It may have to increase its borrowings from the Bank of France. But, as long as the Government is not upset by a wave of national disillusion, the chances of devaluation must be estimated with great caution. May not such disillusion be precipitated by a rise of prices going beyond the control of the Government? "The effects of a rise in prices would be serious," M. Spinasse said, "if the rise absorbed new resources from a reflux of hoarded funds." The Government has seen the danger. Its desire to obtain the "Wheat Office" vote rapidly thus appears to be dictated by the need to stem the rise of wheat and bread prices, which has already begun and might have serious repercussions on the cost of living.

With the same motive the Government has passed laws against speculation and an excessive rise of prices. The struggle has thus begun between the Government and the rise of prices which its social measures have started.

The Statistique Générale de la France has just published its monthly figures of industrial production in June (1913 = 100). June was the month of the great strikes:—

	June, 1935	April, 1936	May, 1936	June, 1936
General index	93	102	102	98
Engineering	95	101	102	102
Iron and steel.....	80	88	92	80
Textiles	64	68	67	60
Mines	101	103	103	100
Building (adjusted figures) ...	64	71	71	69
Leather (" ")	91	103	107	107
Paper (" ")	132	155	161	164
Rubber (" ")	767	990	985	980
Motors (" ")	421	465	464	425

In the same month, 12,673 motor cars and 1,514 lorries were put on the road, compared with 16,987 and 2,002, respectively, in May. The figures for the cotton industry are as follows:—

	March, 1936	April, 1936	May, 1936	June, 1936
Spinning (average per spindle in kilograms):—				
Production.....	1,768	1,698	1,581	1,348
Deliveries	1,788	1,733	1,638	1,440
Stocks.....	1,788	1,763	1,717	1,652
Unfulfilled orders	5,356	5,639	5,856	5,557
Weaving (average per loom, in pieces of 100 metres):—				
Production.....	5.58	5.16	5.49	5.08
Deliveries	5.62	5.08	5.68	6.05
Stocks.....	7.87	8.14	8.14	7.50
Unfulfilled orders.....	24.97	25.96	26.98	25.32

The figure of bankruptcies in July was 619, against 720 in June, and 793 in May. Bankruptcies and judicial liquidations were 841, against 987 in June, and 1,116 in May.

PARIS, August 13.

GERMANY

PROPAGANDA SUPPORT FOR SPANISH REBELS

THE share market last week had the heaviest setback of the year, and leading industrials dropped by as much as seven points. Although after the six months' advance a reaction was due, the main cause of the heavy selling and of the absence of buyers was the international situation. The public remembered that a dispute over who should rule Spain precipitated the war of 1870, and it regarded the French neutrality initiative as a mere expression of the general distrust. That—at least in so far as Germany is concerned—is the atmosphere surrounding the French move. Germany cannot be neutral, even if she agrees not to intervene materially and keeps her agreement. She has committed herself uncompromisingly to at least moral and propaganda support of the Spanish military revolt, and she conducts her anti-Madrid campaign with the partiality and violence of a country that is itself at war. The public is given little news except of atrocities committed by the forces of the Spanish Government. The official agency even circulates stories of specific outrages which have not yet been, but, it is predicted, are about to be, committed.

This agitation is necessarily also anti-French and anti-Russian. The public is kept copiously informed of financial and military help alleged to be reaching Madrid from Paris and Moscow, and has hardly any notion that the opposite camp is bringing identical charges against Rome and Berlin. The French non-intervention plan is therefore presented as a sham; and not only Russia but also some other supposedly anti-German Governments are shown as determined on intervention against the revolt even if they pledge themselves to neutrality. In such an atmosphere it may be feared that an agreement not to intervene will at best avail little, and at worst will supplement the present mutual charges of violating neutrality with new mutual charges of violating express undertakings. This prospect is all the less pleasant because, although the public here is given a rosy picture of the successes of the revolt, impartial authorities do not expect a speedy military decision; and many doubt the theory that a defeat of the Madrid Government would ensure the permanent establishment of an orderly Fascist or military Government. The prevailing view is that the Spanish problem, and the international problems arising thereout, have come to stay.

The cost-of-living index for July was 125.3, against 124.5 for June. In Berlin the Olympic Games have sent up the retail prices of certain kinds of goods; and the system of administrative fining for excessive retail charges has again been adopted. The harvest reports are much less satisfactory than the earlier "crop condition" returns, which were extremely good. Bad weather in July, aggravated by the shortage of agricultural labour, resulted in declines of the estimated yield, except in the case of winter barley and oats, which increased slightly. The new estimate of

the total yield of cereals is 570,000 tons, or 2.4 per cent. lower than the estimate of July 1st.

The three official measures taken for increasing the supply of voluntary or compulsory labour to farmers have not entirely succeeded. The Nazi Party has begun a justifiable agitation against the unsatisfactory living conditions of wage-earners on the land; and there is a discussion about the compulsory allocation of workers to particular districts. A local shortage of labour prevails in some heavy and finishing industries.

The total of unemployment declined in July by 144,000 to 1,170,000, as against 1,754,000 in July, 1935. The greatest improvement was in districts where the absolute number of unemployed is still high. The view is officially expressed that the present total of unemployed hardly exceeds the normal labour reserve, and it is lower than the 1929 figure. Only 141,000 unemployed now draw insurance pay. Some 522,000 receive non-insurance "crisis" allowances at Reich and municipal cost, and 184,000 municipal charity relief, which is a repayable debt.

INCREASED RETAIL TURNOVER

Retail trade turnover in the first half-year was 10 per cent. higher than in 1934, and 27 per cent. higher than in 1933. The improvement has been irregular. The increases in sales of furniture and motor cars, both favoured by Reich subsidy or tax measures, are very great; while the increase in products of family consumption barely corresponds to the price rise. The turnover of the department stores is still some 7 per cent. below that of the worst depression period, but it is slowly recovering. Electricity consumption in the first half-year was 13 per cent. above that of 1935. The numbers of sanctioned house-building plans and of completed dwellings in the first half-year were respectively 44 and 67 per cent. higher than in 1935. The Finance Ministry has raised its limit for Reich guarantees for the construction of small dwellings from Rm. 250 millions to Rm. 400 millions. According to the Railway Corporation's report for the first half-year, receipts as compared with 1935 rose 10 per cent., but operating expenditure only 2.9 per cent. Formally, the corporation is again paying its way.

The steel market is still active, and the latest Syndicate report states that satisfactory working is ensured for the next few months. Imports of iron, steel and rolling-mill materials since March have been rising, but exports in the last months have been irregular at below the highest recent figure. The net export has therefore fallen. The foundation of the international thin sheets syndicate has made necessary the creation of a German export organisation. The existing *Deutscher Feinblechverband* regulates only home sales. So far twenty firms have joined the new export syndicate, but there are still outsiders whose exports, if any, would, according to the International Cartel agreement, count as part of the German quota.

Exports of machinery are increasing. The total for the first half-year was 157,275 tons, which averages 26,200 tons monthly, as against 21,000 tons in 1935 and 1934.

The new German-Lithuanian commercial agreement has caused satisfaction, and it may improve political relations. An increase in exports of German manufactured goods, which fell to one-third in consequence of the dispute, is guaranteed. In principle this agreement follows the agreement with Poland; for Germany will take as much Lithuanian goods as Lithuania takes German goods.

Money rates last week declined; but in consequence of tax payments there was an increased demand early this week. The Gold Discount Bank's return for July 31st reflects the heavy money market pressure caused by the Reich Loan flotation. The Reichsbank's return for the first week of August shows repayments in the first week of August of 41 per cent. of July month-end credits, which is relatively satisfactory, though slightly smaller than a year ago. As compared with a year ago, however, the Reichsbank's return is heavily swollen. Discounts are Rm. 4,519 millions against Rm. 3,640 millions; "circulation" Rm. 4,301 millions against Rm. 3,740 millions; and total circulation of all currency Rm. 6,251 millions against Rm. 5,763 millions.

BERLIN, August 11.

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ITALY

SANCTIONS AND PLANNING

THE end of sanctions has not meant any departure from the centralised economic planning which, if not created, was emphasised by the Abyssinian war. No change has been made, for instance, in the wool, cocoons and wheat monopolies held by Public State Agencies. The price of wheat was fixed on a basis of 1,080 lire per ton, which in an average year is a remunerative price for farmers. It appears that the present year's yield is under the average, owing to bad spring and summer weather. Since public elevators are as yet insufficient, wheat is left with the farmers, who receive a premium of 10 lire per ton for each month that well-conditioned wheat remains deposited in their granaries. The only relevant change in price policy is the reduction in the retail price of petrol, following a corresponding reduction of the sales taxes on all mineral oil products.

The newspapers are inviting motor-car owners to utilise the reduction, so that the State revenue may profit by it and the Treasury be encouraged to further reductions.

The most significant aftermath of the Abyssinian war is in social legislation. A clear trend towards a compulsory raising of the workers' standard of living is noticeable. When in October, 1934, during the drive against unemployment, weekly hours of labour were reduced from 48 to 40, a special allowance was granted to those with a large family, in order to indemnify workers whose total weekly wages were thus reduced. A fund was constituted which draws its main revenue from a contribution by men (and their employers) who continue to work for more than 40 hours weekly. By a recent decree, the family allowance is extended to all industrial workers, whatever their hours of labour; 4 lire weekly is the allowance for each child of less than 14 years of age. In 1935 allowances up to a total of 164 million lire were distributed. Now the amount is

estimated at 344 millions yearly, of which 215 will be paid by employers, 86 by men and 43 by the Exchequer.

More important are the new collective labour agreements, which are being made public. On July 24th the building employers' and employees' Federations agreed upon an increase of 10 per cent. on the present general level of wages. The new agreement also modified many other points in the labour code; for instance, bonuses on dismissal, paid holidays, piece-work, premiums, etc. The agreement was stated by the press to cover 26,000 employers and more than 800,000 men; it relates not only to the building industry proper, but also to public works and similar occupations. On July 31st a similar agreement was reached between employers and employees in the iron, steel and engineering industries. A rise in wages of 10 per cent. was also accepted, with several other changes. Agreements in other industries are under consideration.

THE END OF DEFLATION

What is most significant is the spirit of those wages increases. The first official announcement (by the Federations) of the building agreement stated that the increase was granted so as to make current wages better related to the power to purchase normal necessities of life; and the *Turin Stampa*, in its comments, observed that the "corporative" system had thus taken account of the change in the cost of living. This appeared to mark the starting-point of a general increase in wages and salaries, even of public employees, and a revision of the deflationary policy begun in 1930 and accentuated in 1934 by reductions of wages and salaries. Rumours, however, have been widely current, if not of a thorough reversal of policy, at least of a generalisation of the 10 per cent. increase in wages and salaries. These rumours, however, have been explicitly denied by Signor Cianetti, President of the industrial employees' confederation, in a speech in Genoa on July 30th. The "anti-inflationist policy" of the regime should not be reversed, he said. The workers were not aiming at inflation; they were convinced that a "fixed monetary standard" was the best guarantee of their standard of living. Therefore they did not ask for a hasty general increase in wages. They asked only for a participation in the improvement of industrial conditions.

According to the speech of the most representative figure among the workers, the industrial workers are anxious that their demands for an improvement in conditions should not be deemed a precedent for corresponding changes in other fields: i.e. rises in rents, interest rates, and price levels. Their aim is to share industrial profits equitably with the employers. This is, from their point of view, good policy. Certain questions, however, emerge. Is there a sufficient margin of profits for carrying out the wage-raising policy? If not, will not prices be bound to rise? Already, many wine growers, who were unable to sell wine at remunerative prices because of bad markets in industrial districts, hope that wine prices will rise in consequence of the increase in the purchasing power of the working classes, their best customers. How will it be possible to discriminate between workers in firms making profits and firms making losses? Such discrimination in the same category is surely contrary to the policy of the employees' unions; and it is difficult to imagine how it could fit into a "corporative" system. If, then, the aim of the current changes is to adjust money wages to the cost of living, how will it be possible not to extend the changes to all workers?

TURIN, August 4.

HOLLAND

UNEMPLOYMENT STILL INCREASING

OPINIONS have lately been rather divergent about the state of trade and industry in the Netherlands. The *Economisch Statistisch Maandbericht* concludes from a minute examination of the available data that the downward trend is being arrested. If imports of raw materials are taken as a guide, industrial activity has been slowly increasing for about a year. Although this may partly be due to the formation of

stocks, prompted by expectations of devaluation, the enhanced prices of raw materials, political tension, and so on, the fairly consistent nature of the increase is nevertheless satisfactory.

Unemployment, however, is still increasing. In the middle of June, 1936, the number of registered unemployed was 388,000, compared with 350,000 in July, 1935, and 292,000 in July, 1934. Exports during the first half of 1936 did not increase, but the constant decline shown ever since 1930 has come to a standstill. According to the trade returns of the Central Statistical Bureau, imports and exports in recent years, quarter by quarter, have been as follows:—

	Imports				Exports			
	(In million guilders)							
	1933	1934	1935	1936	1933	1934	1935	1936
1st quarter ...	279	276	226	233	178	168	160	156
2nd quarter ...	283	261	229	233	178	171	159	163
3rd quarter ...	321	251	228	...	192	196	174	...
4th quarter ...	326	250	253	...	178	177	182	...

	(In thousand tons)									
	...	1933	1934	1935	1936	...	1933	1934	1935	1936
1st quarter ...	...	5,536	4,652	4,522	...	...	3,212	2,948	3,145	...
2nd quarter ...	...	5,652	5,068	4,832	...	...	3,369	3,023	3,084	...
3rd quarter ...	...	5,995	5,401	...	...	...	3,532	3,118	...	...
4th quarter ...	...	5,554	5,316	...	...	...	3,211	3,360	...	...

The import surplus rose from 136 million guilders in the first half of 1935 to 148 million guilders in the first half of 1936.

The improvement in exports is mostly attributable to increases in exports of foodstuffs, principally to Great Britain, to which larger quantities of butter, condensed milk, strawberry pulp, potatoes and fresh vegetables were exported. Imports into Holland from Great Britain increased from 698,000 tons in the first half of 1935 to 708,000 tons in the first half of 1936, and the value increased from 43 million guilders to 44 million guilders. Exports to Great Britain were, however, larger in the first half of this year, with 598,000 tons, valued at 70 million guilders, compared with 513,000 tons, valued at 64 million guilders. More cocoa beans, cattle food, coal, saltpetre and fertilisers were imported from Great Britain.

EFFECTS OF THE RISE IN PRICES

The advance in prices which, especially in the last month, has affected various raw materials including grain, is being welcomed in some quarters in Holland as being the means of enabling the "readjustment" of Dutch costs to world prices to be accomplished from abroad instead of being forced on Holland's internal economy. It is argued that the enhanced prices should result in a steep advance in the cost of living in foreign countries, involving higher wages there, whereas in Holland itself the simple abolition of the prevailing emergency regulations and levies would prevent the cost of living from going up, so that wages would remain unchanged here.

The *Economisch Statistisch Maandbericht* makes the following comment:—

The present trend of advancing prices for raw materials does not alleviate the export problem much as long as the prices of manufactured articles do not participate in the rise, because, in view of the small margin between the cost of production and the selling price and the already intense rationalisation, additional expenditure on raw materials has wholly, or in part, to be absorbed by wage reductions. On the other hand, the improved circumstances in the countries supplying the raw materials, due to the rise in prices, should enable them to import on a larger scale, and this may prove of some benefit to our exporting trades.

The improvement on the Amsterdam Stock Exchange at the beginning of July, comprising an advance in State and municipal loans as well as in mortgage bonds, has lately weakened. The insistent pressure on the French franc has a discouraging influence on the Amsterdam exchange and capital markets. This is unfortunate, because numerous Dutch municipalities are being faced with the necessity of shortly marketing a conversion loan.

AMSTERDAM, August 7.

SWEDEN

A GENERAL ELECTION IN SEPTEMBER

THE election of 230 M.P.s to the Second Chamber of the Riksdag for a new four-years' period will take place on September 20th. The now dissolved Chamber was composed of 102 Social-Democrats, 56 Conservatives, 37 Farmers Unionists, 25 Liberals (People's Party), 8 Left Socialists (in fact, Right-wing Communists) and 2 Communists. Political interest at the moment is absorbed by the question whether there will be an absolute Socialist majority in the Riksdag. Should the election result in a Socialist majority this might affect events not only in this country but also in the other Scandinavian States. A Socialist Government, supported by a Socialist majority, would probably follow a far less moderate course than the late Socialist Cabinet did. The main points on which the Conservatives and Liberals are attacking the Socialists are the proposals to nationalise industries and banks and the alleged failure of the late Cabinet to settle the question of national defence.

Meanwhile economic expansion in Sweden continues, despite political uncertainty at home and abroad. The Swedish boom is only very slightly dependent on the armament industry, and certainly not on Swedish armaments. The main impetus comes from the briskness of building activity and increased foreign demand for certain staple exports, particularly for pulp. For the first half-year 1936 the total value of Swedish imports was Kr. 755.6 millions, compared with Kr. 675.6 millions in the previous year; and exports were Kr. 657.6 millions, compared with Kr. 571.2 millions. There was an increase in the value of imports from Great Britain from Kr. 110.9 millions in January-May, 1935, to Kr. 116.4 millions in January-May, 1936. Exports to Great Britain increased from Kr. 112.2 millions to Kr. 126.5 millions.

UNEMPLOYMENT STILL FALLING

The number of unemployed fell in June from 35,000 to 25,500 compared with 51,000 in June, 1935. Building activity is still requiring more hands, and the earlier reported demand for agricultural workers has not diminished.

The banking situation in June revealed an unseasonal contraction of the surplus of advances over deposits, due to a reduction in the volume of home bills. This has naturally caused greater monetary ease and considerable increases in the joint-stock banks' cash holdings. The Bank of Sweden's gold purchases continued in June, and the Bank and the joint-stock banks' total holdings in foreign currencies, foreign securities and gold rose to Kr. 1,593 millions at the turn of the half-year.

The Stock Exchange was extremely firm during the first part of July, and the share index rose from 152 to 162. During the latter part of July selling orders from abroad and an "over-bought" market caused a reaction, and the share index fell to 159.

STOCKHOLM, August 10.

HUNGARY

A BALANCED BUDGET IN SIGHT

THE Budget deficit for the financial year ended June, 1936, amounted to 18 million pengő, as against a cash deficit of 42.6 million pengő in 1934-35. Budget receipts have yielded 7.3 per cent. more than the estimates, and there is every reason to believe that the upward trend of the State's revenues will continue in the present financial year. Thus budgetary equilibrium is within sight once more after a period of seven years of uninterrupted deficits. The 1935-36 results compare as follows with those for the four previous years:—

	Expenditure	Revenue	Deficit
	(In millions of pengő)		
1931-32	922.3	798.1	124.2
1932-33	803.7	715.8	87.9
1933-34	803.4	765.2	38.2
1934-35	812.3	769.7	42.6
1935-36	829.7	811.7	18.0

The above figures include the losses of the State enterprises, which are almost solely responsible for the deficits in the last three years. The estimates for the current budgetary year forecast a deficit of 75.6 million pengő. But receipts are estimated on a very conservative basis at 771.6 million, and on the expenditure side full service of the State debts is provided for. As actual disbursements for the debt service were 56 million pengő in the financial year just ended, as against 86.8 million provided for in the estimates, the current Budget possesses large reserves on both sides. It is significant that for the first time since 1930 there has been no actual borrowing of cash on the internal market, as distinct from the Foreign Credits Cash Office and apart from advances from the National Bank under the Agricultural Debt Relief Scheme as arranged in October, 1933. The fact that the market has not had to provide cash to cover the deficits on the public enterprises this year has somewhat eased the rigidity from which the financial mechanism of the country has long been suffering.

The appreciable improvement over last year is due to the increased receipts from indirect taxes and better results on the State enterprises, especially on the State railways. The deficit on the railways was reduced from 58.3 million to 41.5 million pengő, and the Post Office produced a surplus of 13.9 million pengő. The State iron works, though their volume of business has considerably increased, disclosed about the same deficit of 11 million pengő, as in the previous years. A very important public burden which is not included in the ordinary Budget is the Agricultural Relief Fund, which is fed out of taxation, and this year adds 51 million pengő (as against 49.5 million pengő) to the total loan bill.

GOOD CROPS AND REVIVING TRADE

Official estimates forecast a wheat crop of 24 million quintals, and almost 8 million quintals of rye. Agreements have been concluded with Italy, Austria, Switzerland, Holland and Belgium for the placing of this year's exportable surplus of wheat, which may amount to some 8 million quintals or more. It is almost certain that Hungary will not be compelled to import more maize this year as the crops promise to be good.

The present revival in business is continuing. Internal consumption and production in the heavy industries are steadily advancing, and industrial employment is rising in all branches. Foreign trade figures for the first six months were as follows:—

	January-June	
	1935	1936
	(In million pengő)	
Imports	173.3	219.6
Exports	192.4	216.1

Imports in volume for the six months to June 30th last reached the highest figure recorded for any first half-year since 1931. The volume of exports are slightly less than they were for the same period in 1935, and are only a trifle above the lowest recorded in January-June, 1933. Trade with Austria continues to decline, and there has been a further big increase in trade with Germany.

BUDAPEST, August 2.

JAPAN

FAR-REACHING SOCIAL REFORM PROPOSALS

EARLY in July various Cabinet Councils were held to formulate a programme of "national reform," which is the avowed object of the present Government formed after the February insurrection. The most conspicuous among the plans are taxation reform, the nationalisation of the electric power industry, the development of fuel resources and other measures for ensuring raw material supplies, the extension of the school-leaving age, and the establishment of a Ministry of Health. The taxation proposal is apparently of the "soak-the-rich" character; although the details are still unknown, it is certain that income tax on higher incomes will be raised by 30 to 50 per cent.; death duties on big estates will be more than doubled; and a new 1 per cent. property tax will be imposed. The plan for the

nationalisation of the electric power industry aims at the complete socialisation of the wholesale transmission of electric current, leaving the retail supply to private companies.

Japan's foreign trade continues to display a much greater buoyancy on the import than on the export side. In each of the six months of this year imports have been substantially larger than in the corresponding month of last year, whereas exports have been not much larger. Comparisons of the value figures for June and for the first six months of this year and last are set out below:—

(000's omitted)				
MONTH OF JUNE				
	1935	1936	Increase in 1936	
	Yen	Yen	Yen	%
Imports	195,060	229,213	34,153	17.5
Exports	191,485	208,491	17,006	8.9
Total	386,545	437,704	51,159	13.2
Import surplus	3,575	20,722	17,147	479.6

FIRST SIX MONTHS				
	1935	1936	Increase in 1936	
	Yen	Yen	Yen	%
Imports	1,344,239	1,489,731	145,492	10.8
Exports	1,173,429	1,218,000	44,571	3.8
Total	2,517,668	2,707,731	190,063	7.5
Import surplus	170,810	271,731	100,921	59.1

The growth in imports is mainly accounted for by raw materials; textile materials alone represented more than two-thirds of the total increase. In particular, larger shipments of raw wool and waste from Australia reflect the effects of forestalling in anticipation of the trade war with that country. On the export side, a marked contraction has occurred in cotton piece-goods and raw silk, while lesser exports such as refined sugar, fish oils, vegetable oils, rayon yarn, woollen and worsted tissues, iron and steel, and machinery and parts show notable increases.

There is some improvement in other home trade statistics for last month. The Bank of Japan's wholesale index number for June registered an advance of 0.6 per cent. on the month to 193.6, the highest of the year. The price index for the month of June of all shares listed on the Tokyo Stock Exchange moved up by 3.1 points to 130.9, as against 127.8 a month earlier. Output of cotton yarn during June totalled 123,409,000 lbs. over May; and rayon yarn production during last month amounted to 21,867,000 lbs., or 122,000 lbs. larger than in the preceding month.

POOR CROP YIELDS

The Department of Agriculture and Forestry's forecasts of the wheat and allied grain crops for the country, excluding Hokkaido, placed the year's wheat crop at 8,803,000 koku, a decrease of 6.5 per cent. upon the actual yield of last year. The estimates for the barley and rye crops, at 6,285,000 koku and 5,817,000 koku respectively, also decreased by 13.4 per cent. and 10.5 per cent.

The growth of Japanese population last year surpassed the peak figure of 1,007,868 in 1932, after falling far short of the one million mark in the two intervening years. According to the recently published report of the Bureau of Statistics, the natural increase in 1935 was 1,028,623, or 14.85 per 1,000 of the population. The number of births and deaths were 2,190,681, or 31.63 per 1,000, and 1,162,058, or 16.78 per 1,000, respectively. In 1934 the natural increase was 809,224, or 11.87 per 1,000, the birth-rate and death-rate being 29.97 and 18.10. The increase in 1935 is thus accounted for by a higher birth-rate and a lower death-rate.

TOKYO, July 11.

NEW ZEALAND

LABOUR'S "NEW DEAL"

[The New Zealand Budget was discussed on page 264 of our last week's issue.]

THE first course in the feast of legislation promised by the new Labour Government has proved somewhat strong meat. The country is now wondering how it is to be digested and what will next appear on the board. The first legislation was for factories, shops and offices. It was to come into effect on July 1st. This set maximum hours at 40 per week and fixed minimum wages for juveniles. It is anticipated that these rates will improve conditions for

some, but will throw others out of employment, despite the provision that any employer discharging employees on account of the legislation may be penalised, and despite the Government's threat to enforce this provision. The Arbitration Court is very busy, and is likely to remain so for some time to come. It has mainly been occupied with hours of work, and in two important cases affecting the footwear and the timber industries, which are accepted as precedents for future decisions, it has declared a forty-hour week.

The Prime Minister has announced that all public service wages and salaries will be restored to 1931 levels from July 1st, and has appealed to private employers to make similar restorations. Higher wages and shorter hours appear likely to increase costs considerably. Manufacturers estimate the increases will be from 10 to 20 per cent.; and prices are tending to rise. Factories competing with imports are appealing for higher tariff protection; retailers are asking for some regulation of competition from chain stores; and the Government are threatening to control prices.

THE INCREASE IN EXPORTS

Exports for the year ending in April were about £NZ52 millions, compared with £NZ43½ millions the year before. The increase in export proceeds has stimulated public expenditure; and business activity has increased. If the increase in expenditure, which must be augmented by the Government's public works programme, is greater than the increase in costs and internal prices, the expansion of business and the absorption of the unemployed should continue.

The Government have also taken powers to do a great many things; but it is not yet clear how these powers will be used. They have brought the Reserve Bank, railways, transport, export marketing, State advances, etc., under direct political control; have resumed railway and public works previously abandoned; and have promised more liberal State advances and a more effective transport policy.

The Reserve Bank's report for 1935-36 has been published, and discusses at length the possibilities of developing a discount market in the Dominion. The discount rate has been reduced to 2½ per cent., but no discount business has yet been recorded, nor has the Bank made any advances. Its reserve ratio (gold plus exchange to notes plus sight liabilities) has never been below 96 per cent.; while at the end of March the trading banks held cash in New Zealand and funds in London amounting to 86 per cent. of their sight liabilities, or 40 per cent. of their sight and time liabilities combined. At the end of April net funds held abroad by the Reserve Bank and the trading banks on New Zealand account totalled £NZ45½ millions, or £NZ1,000,000 less than the figure a year before.

CHRISTCHURCH, July 20.

LETTER TO THE EDITOR

THE "BLACK-COATED" UNEMPLOYMENT

TO THE EDITOR OF THE ECONOMIST

SIR,—The Government's new Unemployment Assistance Regulations have been accepted, but the Unemployment Statutory Committee's strong recommendation that State insurance should be extended to "black-coated" workers whose incomes do not exceed £400 a year has not been considered. It is estimated that about 400,000 people would have benefited had Parliament accepted the recommendation.

To thousands of middle-class workers the proposed reform would have meant a sense of emancipation from the terrors of complete penury, for this tragedy of the post-war world has crashed into the comfort of the middle-class home. The sense of security has gone, and in its place are doubts, anxieties and awakened apprehension of pending crisis. In recent years scarcely any section of the community has been harder hit by unemployment than the black-coated workers. Their sufferings seldom come to light, except through the coroner's court, when help is too late. So accustomed, however, is the public to the everyday horrors of unemployment that these "minor" tragedies attract little notice in the newspapers. In any case, professional folk, in the hour of adversity, have been overlooked in every Government measure of relief. Yet they have been terribly hit by amalgamations, "rationalisation," and victims sink in an unavailing struggle against conditions for which they have not the slightest responsibility.

After paying income and other taxes for years, besides contributing the larger part of their employees' insurance premiums, the professional and employing classes have no call upon any State-aided "dole," but are faced with utter destitution should

they perchance fall on evil days. Is this equitable in view of the benefits provided for their employees, who for smaller premiums are protected and sheltered by the State against precisely the same vicissitudes to which they also are exposed? Again, the appeals which appear in the newspapers for folk in distress are almost without exception made on behalf of those who have never ascended very far on the social ladder. Philanthropists seldom champion the cause of those who have fallen from a higher sphere. The adage that poverty and hunger have many learned disciples seems to be unknown to those who organise our charities. A man or woman earning £400 a year is just as liable to become unemployed as one earning £200.

Let me briefly outline my own position, which is probably typical of many others. For years I have paid income and other taxes, besides premiums for employees under the Insurance Acts, but I am entitled to no consideration for my payments. Five years ago I had the misfortune to suffer heavy losses through the fraudulent failure of a stockbroker, which deprived me of all my resources. To-day I am penniless, and at times during the past few weeks we have been actually without food. Owing to arrears of rent (a comparatively small sum), ejection and distraint upon what remains of a once comfortable home are only a matter of days. In addition, my wife is desperately ill, and I am quite unable to procure for her, not only the medical attention she needs, but even the common necessities of life. For the past two years she has been attending one of the large special hospitals, but is now too frail to make the journey. The foregoing are just facts.

I have no wish to harrow the feelings of my readers, but the physical sensations of hunger cannot readily be imagined by those who have never known what it is to be more than sharp set.

One must have starved, if only for a day or two, to realise what the sensations of hunger are. And starvation not only saps a man's physical strength; it also makes an equal attack on his morals. Conscience too frequently fights a losing battle against stomach. It is easy to be honest when one is only a little hungry; but a few days of starvation play strange tricks with the moral sense. Doubtful subterfuges, which would be anathema to the well-fed man, seem not to be to the half-starved. One must get money, which means food and shelter, especially if loved ones are ill and suffering at home. Here is a psychological study for the well-fed moralist who has never known the urge of starvation. Truly, "man's inhumanity to man makes countless thousands mourn." Cannot a more equal distribution of work and wealth be devised?

At any rate, there is surely a pressing need for a Government Unemployment Insurance scheme—which must be compulsory—to cover the professional and employing classes. Is it too much to ask that part of the contributions they are called upon to make to their employees' unemployment insurance should be placed to their own credit? Or, if that be financially unsound, could not a proportion of income-tax payments be calculated as premiums against a rainy day, so that in an hour of difficulty they would not be completely penniless?

Yours, etc.,

London, N.W. A VICTIM

BOOKS AND PUBLICATIONS

THE BALKAN DILEMMA

SUCH recent events as the successful journey of Dr. Schacht through Central and South-East Europe have revealed the peculiar economic difficulties of the Balkan countries. This book,* specially prepared for, and with the assistance of, the Information Department of the Royal Institute of International Affairs, is consequently timely. It aims at describing the background of recent events. Although no economic unit, Albania, Bulgaria, Greece, Roumania and Yugoslavia share certain characteristics which justify a concise joint review. The first part of the book describes the period from 1919 to 1931, that is to say, up to the financial crisis in Central Europe begun by the collapse of the Kreditanstalt in Vienna. The second part describes the crisis of 1931-32 and subsequent events.

The five Balkan countries, of which Roumania and Yugoslavia are the chief in size and population, cover an area of rather more than two and a half times that of the British Isles. They experienced between 1920 and 1933 a 25 per cent. increase in population to 47.3 millions. Except Greece, the Balkan States are entirely agricultural. Of the total number of occupied persons the percentage employed in agriculture ranges from 53.7 in Greece to 82.0 in Yugoslavia. Even in Greece the percentage of persons working in industry amounts to only 15.9 per cent. The dominant industries are the petroleum industry in Roumania, tobacco in Greece and Bulgaria, timber in Yugoslavia and Roumania.

Directly after the Great War, in all these countries except Albania, agrarian reforms overthrew the still existing feudal system. Roumania reduced the percentage of land occupied by large estates from 40 per cent. to 10 per cent. Yugoslavia decreed the abolition of feudal rights and the partition of large estates. Bulgaria limited the land owned by one person to 35 hectares. The average size of the holdings is still very small, ranging from 3.6 hectares in Greece to 10 hectares in Roumania. Cultivation methods are backward; even wooden ploughs are frequently to be seen. It is not surprising that the Balkan States were hardest hit by the agricultural crisis. Their backward agriculture was entirely unable to compete with Canada, Australia or South America.

Between 1919 and 1931 the continuous influx of foreign capital enabled the different currencies to be stabilised and the Budgets to be balanced. The crisis, however, reduced export surpluses and rendered impossible all foreign borrowing. Budget deficits reappeared, and exchange restrictions were followed by clearing and com-

pensation agreements. Economic policy then began to be aimed at a rapid industrialisation. Hitherto this has only been successful in so far as it has enlarged the textile industry, which produces poor qualities at high prices.

It is here that the dilemma of the Balkan States arises. Final recovery depends on circumstances outside their control, e.g. a rise in the general level of world agricultural prices, a relaxation of trade and exchange restrictions, and a reopening of the foreign capital market. On the other hand, remission or lowering of interest on foreign debts seems to be necessary for recovery, though this solution may prevent new borrowing. The author states that without foreign capital the rate of economic development must be very slow. Yet if the Nazis' trade policy is successful in the end, the rate of industrialisation might gain momentum, because Germany exports mostly those capital goods which are the basic material for industrialisation.

SHORTER NOTICES

"The Economic Development of South Africa." By M. H. De Koch. P. S. King and Son. 125 pages. 7s. 6d.

In his latest book Dr. De Koch has succeeded in placing within the reach of the general reader a comprehensive survey of the salient points in South Africa's economy. In this respect he has made good the defect of his earlier and more elaborate work, "The Economic History of South Africa." In the brief compass of the present volume the reader will find a wealth of facts—even if he regrets at times that they are not more elaborated.

Dr. De Koch has adopted the historical method and has traced the economic development of South Africa from the discovery of the Cape to the present day. With an admirable sense of proportion, however, he has devoted only about the same space to the first 250 years of his period as to the 25 years since the founding of the Union in 1910. In the early days of Dutch and British rule, the Cape was of little importance except in the economy of the Far East. Even after the Great Trek into the interior in 1836, when a vast further area of South Africa was colonised by the white man, his representatives remained few and depended on an un-bountiful soil. Dr. De Koch brings out to the full the revolution which was caused by the discovery of diamonds and gold at the end of the nineteenth century. This is a familiar story; but he has much light to throw too on how the new prosperity thus found was reflected in the condition of agriculture, and even led to the beginning of general industrial development.

The book, moreover, is thoroughly up to date. About one-fifth of the whole is devoted to the period since the Union's abandonment of the gold standard at the end of 1932. Topical subjects of a controversial nature are treated in this section with admirable impartiality. The author is obviously thoroughly familiar with the present situation in the gold-mining industry, and his sketch of its prospects will be read with especial interest.

* "The Balkan States: I, Economic." A review of the Economic and Financial Development of Albania, Bulgaria, Greece, Roumania and Yugoslavia since 1919. Oxford University Press. London: Humphrey Milford. 1936. 154 pages. 5s. net.

"The Social Services, a Historical Survey." By W. Hardy Wickwar. (London) Cobden-Sanderson. 268 pages. 10s. 6d.

This book is intended to be a comprehensive and general narrative of the development of the social services. On the historical side it is in many ways admirable. The various steps by which poor law, public health, education and social insurance have reached their present position are fully described, and many illustrations and references are gathered together which throw fresh light on some of the problems.

Except on poor relief, the history of the social services has been the gradual encroachment of the State and local authorities into spheres previously dominated by charity organisations and individual initiative. As soon as public opinion makes Government action possible, private charity is apt to become a reactionary element and more of a hindrance than a help to any further improvement in the services. This is implicitly brought out by Mr Wickwar; but nevertheless his tendency is often to over-emphasise the rôle of the voluntary services to-day. At the same time too little attention is given to the pioneer work of many local authorities in the provision of houses and other municipal services, and in educational and social experiments.

The section on finance is the least satisfactory in the book. No full details are given of how the burden of the social services is divided between the various authorities, and the lump sums given on page 230 require further analysis. Finance is usually the rock on which new schemes for social betterment are sunk, and it is therefore essential to be quite clear about ways and means.

"Monetary Reform in Theory and Practice." By Paul Einzig. 336 pages. 12s. 6d.

Nobody living, perhaps, has read all that Dr. Einzig has written. But those who read him regularly must be perpetually astonished that one who writes so much can write on the whole so well. His new book contains his customary foibles: prejudice, repetition and occasional superficiality. But it is a remarkably readable, and on the whole a reasonably reliable, summary of the recent development of monetary reform in theory and practice. Anyone who wants a comprehensive introduction to the subject, that can be read without knowledge and without effort, could do very much worse than start with this book.

Dr. Einzig is against the rigid gold standard of pre-war days, and he is also against the extreme inflationism of the Social Credit kind. He is consequently inclined to favour cheap money and movable gold parities; and to these he adds his own pet project, exchange clearing. Dr. Einzig's advocacy of monetary reform might be even more persuasive if it were not for his obvious temperamental predilection for "regulation" in all forms.

"Die Britischen Investment Trusts." By Hanns Linhardt. Industrieverlag Spaeth and Linde, Berlin, 1935. 522 pages. Rm. 10.

This work is the result of several years' research, conducted on a scale which few British writers have accorded to the investment trust movement. It has involved the collection of scattered balance sheets and reports, chairmen's speeches and similar publications and, at a later stage, the still heavier work of presenting the results on a comparable basis. In addition, personal investigations were made into the position of several leading British and Scottish investment trusts.

Books of that type, of course, have no "results" which can be traced in one or two sentences. Their value lies in detailed description. The present book is most carefully written and covers all fields of the investment trust business. Sometimes a certain restriction would have made it easier reading. The long theoretical discussion on foreign *versus* domestic investment does not offer any striking new conclusion, and the methods of presenting the mutual connections of investment trust companies are rather complicated. But as a whole the task of giving a picture of the movement's development up to 1928, with a closing chapter on the changes after the crisis, is admirably handled. Apart from the questions which normally absorb the interest of students of investment trusts—such as capitalisation and distribution of investments—the book deals at considerable length with special problems like the formation of groups and the differences in capital structure and policy between the trusts based on the different age of the companies concerned.

The book closes with some rather pessimistic remarks on the future of investment trusts in a world preoccupied with autarky and debt cancellation.

BOOKS RECEIVED

World Population. Past Growth and Present Trends. By A. M. Carr-Saunders. (London) H. Milford. 336 pages. 12s. 6d. net.

The Common Menace of Economic and Military Armaments. Being the Richard Cobden Lecture for 1936. By Prof. W. E. Rappard. (London) Cobden-Sanderson. 39 pages. 1s. net.

An Essay on the Restoration of Property. By Hilaire Belloc. (London) The Distributist League, 7 and 8 Rolls Passage. 88 pages. 1s. net.

The New Aspects of Industrial Combination. By H. Levy. (Sidney Ball Lecture, 1935.) (London) H. Milford. 24 pages. 1s. net.

A Plan for the Highlands. By H. Quigley. (London) Methuen and Company, Ltd. 47 pages. 1s. net.

Public Finance. Third Edition. By H. L. Lutz. (London) D. Appleton-Century Co. 940 pp. 16s. net.

The Calendar of the London School of Economics and Political Science (University of London) for the Forty-second Session, 1936-37. (London) London School of Economics, Houghton Street, Aldwych, W.C.2. 520 pages. 3s. 6d. net.

The Indian Sugar Industry (1936 Annual). By M. P. Gandhi. (Calcutta) Indian Sugar Mills Association. 127 pages. 7s. 6d. net.

Japan Trade Guide, with a Comprehensive Mercantile Directory, 1936. Edited and published by Shimbun Rengo Sha. (London) E. G. Allen & Son, Ltd., 12/14 Grape Street, Shaftesbury Avenue, W.C.2. 875 pp. 37s. 6d. net.

The New Soviet Constitution. (London) Anglo-Russian Parliamentary Committee, 6/7 Buckingham Street, W.C.2. 31 pages. 1d. net.

The Decline of Competition. By A. R. Burns. (London) McGraw Hill. 619 pages. 30s. net.

A Suggestion for Permanent Peace. By "Utopia." (Nuneaton) Nuneaton Newspapers, Ltd. 11 pages. No price stated.

Migration of Industry to South America. By D. M. Phelps. (London) McGraw Hill. 335 pages. 24s. net.

Les Fluctuations de l'Activité Économique. By Baron Mourre. (Paris) Librairie Felix Alcan. 252 pages. 25 frs.

Sveriges Varuinförsel från olika Länder år 1935. Preliminär Redogörelse av Kommerskollegiet. (Stockholm) P. A. Norstedt and Söner. 227 pp. 3 kronor.

Portée Internationale des lois interdisant la Clause-or. By J. Reiss. (Paris) Librairie du Recueil Sirey. 223 pp. 25 frs.

Les Enquêtes Ouvrières en France entre 1830 et 1848. By H. Rigaudias-Weiss. (Paris) Librairie Felix Alcan. 262 pp. 30 frs.

Ist das Spähen Krisenursache? By H. J. B. Bab. (Vienna) Verlag Oskar Andreas Weidlingau. 42 pp. No price stated.

Symmetrism an Alternative to Orthodox Bimetallism. By B. A. Butenschön. (London) George Allen and Unwin, Ltd. 195 pages. 10s. net.

Rivista di Storia Economica. Diretta da Luigi Einaudi. (Turin) Giulio Einaudi editore, via Arcivescovado, 7. 84 pages. L 12.

Dr. Luigi Einaudi's new "Review of Economic History" is handsomely produced. It contains interesting articles on Syndicates and Cartels in the Trade of Venice in the thirteenth and fourteenth centuries, by Dr. G. Luzatta; on Bank Money (Money of Account) from Charlemagne to the French Revolution, by the Editor; and on Political Economy in the Bible, by Professor Riccardo Bachi.

OFFICIAL PUBLICATIONS

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

Imperial Economic Committee: Grain Crops—A Summary of Figures of Production and Trade Relating to Wheat, Wheat-Flour, Barley, Oats, Maize and Rice. 2s. 6d. net.

Board of Trade: Return relating to all Authorised Gas Undertakings in Great Britain for the year 1934. Part II. Finance and Prices. 10s. 6d. net.

Report on the Administration of the Tanganyika Territory for the year 1935. Colonial No. 113. 4s. net.

Twenty-Eighth General Report of the Public Trustee. 2d. net.

British and Foreign State Papers, 1831. Vol. 134. £1 15s. net.

Report of the Unemployment Assistance Board for the period ended December 31, 1935. Cmd. 5177. 4s. 6d. net.

First Annual Report of the Inland Water Survey Committee, 1935-36. 3d. net.

Racecourse Betting Control Board: Seventh Annual Report and Accounts, 1935. 1s. net.

Criminal Statistics, England and Wales, 1934. Cmd. 5185. 3s. 6d. net.

Accounts relating to the Trade and Commerce of certain Foreign Countries and British Countries Overseas during the period ended 31st December, 1935. 2s. 6d. net.

Imperial Economic Committee: Fruit Supplies in 1935, including Vegetables, Flowers and Bulbs. 2s. 6d. net.

MONEY AND BANKING

AMERICA'S BALANCE OF PAYMENTS

The preliminary figures of the United States Balance of International Payments for 1935 were issued some three months ago, and the Department of Commerce has now published the usual detailed study.* An analysis of the figures it contains must perforce be preceded, as in former years, by an expression of admiration for the ingenuity and persistence with which these figures are compiled.

The following table summarises the American balance of payments in the last two years and also in 1929. Purchases and sales of silver are included in the report as a separate item following upon gold movements and silver movements. In our table, however, following the custom of previous years, we have included silver with other merchandise. It is true that there is a large monetary element in American imports of silver, but silver is not yet money, and it seems more logical to classify it as merchandise.

BALANCE OF INTERNATIONAL PAYMENTS OF THE UNITED STATES (\$ Millions)

	1929			1934			1935		
	Cr.	Dr.	Balance	Cr.	Dr.	Balance	Cr.	Dr.	Balance
Merchandise Trade*	5,241	4,400	+ 841	2,238	1,743	+ 495	2,407	2,488	- 81
Shipping and freight	206	272	- 66	61	96	- 35	63	99	- 36
Tourist expenditures	183	821	- 638	86	331	- 245	117	409	- 292
Immigrant remittances, charity, etc.	24	289	- 265	5	136	- 131	5	120	- 115
Interest and dividends	979	414	+ 565	493	126	+ 367	521	146	+ 375
War debts	207	...	+ 207	1	...	+ 1	...	...	...
Govt. transactions	60	152	- 92	31	68	- 37	28	83	- 55
Miscellaneous current items (net)	...	...	- 105	103	43	+ 60	116	40	+ 76
Bal. on current acct.	...	...	+ 447	...	...	+ 375	...	...	- 128
Gold movements (net)	...	...	- 120	...	...	- 1,217	...	...	- 1,739
Currency movements (net)	...	...	- 15	...	...	- 26	...	...	- 1
TOTAL	...	...	- 135	...	...	- 1,243	...	...	- 1,740
Long-term capital movement	2,328	2,464	- 137	1,160	958	+ 202	2,009	1,547	+ 462
Short-term capital movement (net)†	...	...	- 80	...	...	+ 184	...	...	+ 1,075
Balance on capital account	...	...	- 217	...	...	+ 386	...	...	+ 1,537
Residual item	...	...	- 95	...	...	+ 482	...	...	+ 331

* Including silver.

† Including miscellaneous capital items.

The inclusion of silver has the effect of making the balance of merchandise trade negative. This is the first time this has occurred since the war. We pointed out last year that the positive balance of trade (excluding silver) was the largest in proportion to total trade since the war, and drew the conclusion that this was the normal effect of a depreciation of the currency. This year's figures do not bear out this theory, although the positive balance of trade (excluding silver) is still considerable.

Among the service items, it is interesting to notice that immigrant remittances continue to fall, in spite of the returning tide of prosperity. The largest decline in immigrant remittances between 1934 and 1935 was in remittances to Italy—a significant commentary upon the much-publicised efforts to collect funds for the Abyssinian war among Italo-Americans.

A special study has been made this year of the tourist account, mainly by means of questionnaires addressed to American tourists. Total expenditure by tourists is again rising rapidly, but it is estimated that two-thirds of the total is spent in the North American region. Some interesting estimates are given of tourists' expenditures in Europe. Total expenditure varies from \$747 for the average first-class passenger to \$220 for the average third-class passenger (in addition to expenditure on board ship, which is \$514 and \$186 respectively).

* "The Balance of International Payments of the United States in 1935." By Amos E. Taylor. Department of Commerce, Trade Information Bulletin, No. 833. (Washington) Government Printing Office. 86 pages. 10 cents.

The figures for interest and dividend payments by the United States to foreigners are based on the results of a special census of foreign investments in America. The resulting figures of the capital value of these investments at December 31, 1935, are shown in the next table.

FOREIGN INVESTMENTS IN THE UNITED STATES (\$ millions)

	Direct Investments	Common Stocks	Preferred Stocks	Bonds	Other Investments	Total
Canada	322	408	66	49	161	1,006
Great Britain	362	372	146	91	403	1,374
France	14	142	19	53	54	282
Netherlands	249	196	13	220	106	784
Switzerland	13	214	32	65	75	399
Rest of Europe	62	350	30	87	123	652
Latin America	5	19	3	8	43	88
Other countries	18	314	20	34	109	495
Total	1,045	2,015	329	607	1,039	5,035

"Other Investments" are stated to consist largely of trust accounts, the net equity of insurance companies and mortgages.

The result of these various current items is to produce a net debit balance on current account of \$128 millions. This result is, perhaps, a little less astonishing when it is recalled that imports of silver amount to \$336 millions. But there can hardly be any modification of astonishment at the capital account in the first table. America, the richest country in the world, has once more imported capital to the enormous amount of \$1,537 millions. The bulk of this is on short-term account. Foreigners increased their deposits in American banks during 1935 by no less than \$560 millions. On the other hand, American deposits abroad were reduced by \$210 millions. There was, therefore, both an inflow of foreign money and a return of American money, largely from Germany. Much the same picture is presented by the long-term capital market. On balance, Americans sold more foreign securities than they bought in 1935. There was a sharp increase both in purchases and in sales of American securities by foreigners during the year, but while purchases increased from \$480 millions to \$1,305 millions, sales increased from \$480 millions only to \$970 millions. Both American and foreign capital was, therefore, on balance, flowing into the country.

This extraordinary capital account could not be accommodated without a very large import of gold, amounting to \$1,739 millions, much the largest figure ever recorded. The American balance of payments thus seems to be as far as ever from normality. It is not entirely fair to blame American policy for this. It has already been pointed out that the devaluation of the dollar has not resulted in a large positive balance of merchandise trade. Indeed, if silver is included, there is a negative balance, both on merchandise account and on the current account as a whole. America is clearly not inconveniencing her neighbours by her current transactions. Nor can the capital inflow be entirely blamed upon Americans, for the larger part of it is European money seeking either refuge or profit in New York. It is true that the sale of American investments, both long-term and short-term, in foreign countries without any adequate provision of new capital imposes a strain on the rest of the world, but this item would not be enough in itself to upset the whole balance of payments.

The explanation of the enormous gold flow to America is to be found in the unsettled politics and economics of a crazy world rather than in the economic policies of America herself. But the results are the same, whatever the cause. And the one conclusion which emerges from these figures with the most startling clarity is the utter impossibility of restoring the orthodox international gold standard in present conditions.

FINANCIAL NOTES

Franco-Italian Clearing Agreement.—It is announced in Milan that a new Trade Agreement has been signed between Italy and France, setting up a "two-way" clearing scheme. Imports of French goods into Italy will be controlled so as to equal approximately 90 per cent. of Italy's exports to France. Payment will be made into special clearing accounts in both countries, and the surplus of approximately 10 per cent. will be applied to the liquidation of outstanding trade debts due by Italy to French firms. To assess the implications of the new scheme, it may be pointed out that these outstanding trade debts to France amount to about Frs. 300 millions, while on the basis of the trade returns for the first half of 1935 France imported rather more than Frs. 400 millions of goods from Italy and exported about Frs. 500 millions. Hence not only is the balance of trade to be reversed so as to give Italy an export surplus, but unless trade in both directions undergoes a considerable expansion it will take the best part of eight years to complete the liquidation of France's outstanding commercial debts. Italy, therefore, has managed to conclude an agreement greatly to her advantage, and the question will naturally be asked whether the French Government has been at all influenced by political considerations. These concessions by the French may well make Italy all the more disinclined to admit the British Government's contention that outstanding debts must take precedence over new trade. The City is not entirely unanimous on this fundamental point of principle, for realisation that commerce depends upon the sanctity of contracts and the prompt payment of debts is tempered by the fear that unless a compromise is reached Great Britain may never recover the export trade lost through the imposition of sanctions. This, however, is a short-sighted view, for there is little merit in shipping goods to countries where doubt exists whether the goods will be paid for. We trust that the Government will adhere to its insistence on thoroughly satisfactory treatment of outstanding British creditors.

July Clearing Bank Averages.—The main movements between June and July were an increase of £14.6 millions in deposits offset by one of £19.5 millions in discounts. During June the total tender issue of Treasury bills was rapidly increasing, both because of a reduction in the tap issue and also because of an expansion in the total floating debt. Thus, on balance, the Government was placing fresh Treasury bills with the banks and disbursing the proceeds, and this explains the rise in the banks' discounts and deposits.

(In £ millions)

	July, 1935 (a)	June, 1936 (a)	July, 1936 (a)	May, 1936 (b)	June, 1936 (b)	July, 1936 (b)
Capital and reserves	125.7	125.8	125.8	131.8	131.8	131.8
Acceptances, etc.	97.3	98.3	95.8	102.8	103.8	101.2
Deposits (including undivided profits, etc.)	1,981.8	2,117.4	2,131.7	2,148.0	2,191.4	2,206.0
Total liabilities	2,204.8	2,341.5	2,353.3	2,382.6	2,427.0	2,439.0
Cash	216.2	214.3	214.2	216.9	221.6	221.7
Cheques, balances and items in transit	50.9	64.5	56.6	56.9	66.6	58.3
Money at call	140.7	146.3	146.4	153.8	152.6	153.0
Discounts	272.0	320.8	340.0	307.6	327.5	347.0
Investments	599.1	596.9	594.5	624.3	626.2	623.3
Loans and advances	759.6	832.1	838.0	850.3	858.8	864.9
Investments in affiliated banks	25.1	25.1	25.2	25.1	25.1	25.2
Cover for acceptances, premises, etc.	141.2	141.5	95.8	147.7	148.6	101.2
Total assets	2,204.8	2,341.5	2,310.7	2,382.6	2,427.0	2,394.6

(a) Excludes District Bank.

(b) Includes District Bank.

Cash was practically unchanged between June and July, so that the Bank of England gold purchases have served their purpose of maintaining the supply of joint-stock bank cash in face of the expansion in the note circulation. There is a further satisfactory increase of £6.1 millions in advances, while investments are reduced by £2.9 millions. Call and short loans are very little changed, so that apparently the discount market is taking few of the extra Treasury bills. Acceptances, etc., are very little higher than a year ago.

The Foreign Exchanges.—The London market has been very quiet. Francs lost ground over the week-end, mainly because of the Spanish news. The New York-Paris cross-rate depreciated to the gold export point, and it was reported in New York that \$1,550,000 of gold had been engaged on August 7th for shipment from Paris, this being the first engagement since June 19th. Early this week, the franc rallied, but it was a little weaker on Thursday, when the New York cross-rate again relapsed to the gold point of Frs. 15.18½, while the three months' rate in London widened from Frs. 2½ to Frs. 3¼ discount. This latest weakness possesses little significance, because Paris is closed next Monday, and certain operators have been selling francs in order to balance their books in advance of the holiday. No intervention by the British Control has been necessary. The Banque de France's return for August 7th showed little change in the Banque's gold holdings, but a further transfer of Frs. 900 millions of the Government's indebtedness from rediscounts to provisional advances. Possibly, as the Treasury bills held by the Banque mature, they are being replaced by provisional advances. It is announced that the Anglo-Spanish clearing procedure is no longer functioning in Spain. Money due to Spanish creditors must still be paid into the special sterling account at the Bank of England, but for the time being it will be held there in suspense.

The Money Market.—Conditions have again been very comfortable, and the return of currency from circulation after the August bank holiday has replenished the banks' cash. Nevertheless, several banks called a moderate amount from the market on Wednesday, and there was some demand for loans on most afternoons. The banks were not keen buyers of bills.

	July 23, 1936	July 30, 1936	Aug. 6, 1936	Aug. 13, 1936
Bank rate	2	2	2	2
Clearing banks' deposit rate ..	½	½	½	½
Short loan rate:—				
Clearing banks	1½-1*	1½-1*	1½-1*	1½-1*
Others	½	½	½	½
Discount rates:—				
Treasury bills	½	½	½	½
Three months' bank bills	1½	1½-1½	1½-1½	1½-1½

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.

Last week's issue of Treasury bills by tender went at an average rate of 10s. 6.04d. per cent. £45 millions of bills were allotted against maturities of the same amount, so that for the second week in succession the total tender issue is unchanged at £630 millions.

The Bank Return.—This week the Bank has bought no gold, and so the gold stocks are unchanged. The Customs returns, however, record a gold importation from France of £13.4 millions, and this probably represents gold previously bought by the Bank from the Exchange Equalisation Account. Total imports from France since June 10th are now £43.8 millions, and so are in excess of the Bank's gold purchases of £34.5 millions during the same period:—

BANK OF ENGLAND					
	Aug. 14, 1935	July 22, 1936	July 29, 1936	Aug. 5, 1936	Aug. 12, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.8	235.8	239.9	243.0	243.0
Note circulation	405.5	443.6	448.6	454.4	450.3
Banking Department:—					
Reserve	47.8	53.1	52.4	49.6	53.7
Public deposits	16.7	19.9	42.3	17.6	17.4
Bankers' deposits	86.3	98.2	75.2	92.7	98.0
Other deposits	37.0	38.5	39.4	38.5	38.0
Government securities ..	82.0	95.8	96.4	89.9	89.6
Discounts and advances ..	15.2	6.5	7.1	8.9	8.9
Other securities	13.2	19.4	19.1	18.5	19.3
Proportion	34.1%	33.9%	33.3%	33.3%	35.0%

The note circulation has been reduced during the past week by £4.1 millions. This contraction is rather low for the second week of August, and so the return of holiday currency may have been offset to a small extent by further French hoarding.

THE STOCK EXCHANGE

THE FIXED TRUST REPORT

THE Report of the Departmental Committee of the Board of Trade, appointed "to inquire into the subject of fixed trusts in all its aspects," marks the end of the first formative phase of a movement which, in a mere five years, has attracted some £50 millions from the investor through the agency of nearly seventy trusts. The last twelve months have been crowded with discussion, inquiry and criticism. The Committee's appointment itself followed a prolonged inquiry by a sub-committee of the London Stock Exchange, which last December reached the conclusion that Stock Exchange "recognition" could not be afforded to the movement, in the absence of legislation. The sub-committee, however, produced draft rules whose influence has proved far-reaching. These rules were freely adopted as a basis for the constitution of the representative Association of Fixed and Flexible Trust Managers, formed four months ago, and their effect is traceable, at many points, in the Departmental Committee's Report this week. Since the Committee's deliberations began in March, they have been made more complex and urgent by the rapid emergence of new unit trusts, and by the trend of the movement towards full "flexibility." New problems of managerial ability, financial sufficiency and "duplication" of underlying investments have arisen. These were the subject of special analysis in a survey of the movement (published with the *Economist* of March 7th last), to which the Departmental Committee pays tribute in the opening section of its Report.

What, then, is the Committee's verdict? The main recommendations of the Report are summarised in an adjoining column. It will be seen that, though regulative, they are in no sense restrictive. The Committee has decided, first, that the movement ought to continue, and, secondly, that it would be both inadvisable and impracticable to set up a licensing authority to control its future progress in detail.

The Report suggests no limitation of numbers, size or scope of unit trusts; it even envisages the extension of the unit principle to other fields, including property investment. The proposed legislation would, indeed, constitute a virtual Magna Carta for the movement and expunge every suggestion of a bar sinister. It would place the movement squarely within the field of recognised media designed mainly for the small investor.

Without endowing the trusts with a corporate personality, the Committee proposes that they should be regulated by a special statute which would start from the same fundamental assumptions as, and borrow its main lines of procedure from, the Companies Act. The trusts will be required, first, to file evidence of proper constitution, just as a limited company files its memorandum and articles of association. No limitations are suggested on the conduct of investment business. The managers' control of the ordinary administration of the trust's funds remains, very properly, unprejudiced. Under the regime suggested by the Committee, the trusts will continue to enjoy the substantial benefits of public advertisement, and the managers will secure reasonable jobbing profits.

The leaders of the movement would be grudging indeed if they failed to acknowledge the advantages which this recognition of status provides, for it secures the right of sound managements to conduct all the business they can obtain. The principal safeguards which the Committee introduces are all in the direction of fuller publicity. They deal with questions of managerial qualification and income, and are designed, above all, to protect the investor from men of straw. They presuppose that the case for the unlimited extension and development of the unit trust, as such, has been made out. Here, we may be permitted to say, the Committee appears to have reached a fundamental conclusion *per saltum* rather than *per argumentum*. The unit trust, the Committee declares, offers a new form of investment, and therefore it should continue. This decision comes somewhat abruptly in the Report after a

formidable list of criticisms, many of which, it must be admitted, are not entirely answered in subsequent sections. And some of them, inevitably, will continue to be relevant, even under a new regime.

For example, the experience of unit trust investors, managers and trustees alike has so far been limited to the recovery phase of a single economic cycle. None can say precisely what experience is in store for the movement when markets begin to fall. To rely entirely on a policy of *solvitur ambulando*, in these circumstances, may be carrying confidence to the point of hazard.

The Committee, again, has been unable to frame legislative proposals governing the technical market operations of the trusts. Control of unit price-fixing is judged impracticable, although the possible check by way of Stock Exchange dealings (for which detailed transfer provisions are introduced) is stressed. The investor's main safeguard against inflated prices, however, is to rest upon competition and publication of the management company's income in full detail. The form of accounts suggested in this connection seem wholly admirable. These accounts, however, will be available to unit holders on application only. Is there any reason why they should not be regularly circulated to all unit holders? The problems of re-purchase of sub-units and the dual nature of the manager's operations—for he is both a profit-making *entrepreneur* on his own behalf and a confidential investment expert on his clients'—are regarded by the Committee as matters suitable for internal regulation rather than legislation. Here, again, safeguards depend mainly on full publicity and the unit-holder's voting rights.

The proposed control of advertisements—designed, clearly, to the same end—suggests an interesting point in law, which might not be wholly effective in practice. It is recommended that advertising matter, apart from "treating" announcements of strictly limited content, shall contain the fullest information. Preliminary advertisements may "describe and commend" the class of investment without giving detailed information. But as "sales approaches" and creators of atmosphere these announcements may be highly effective. There will be nothing to prevent an unscrupulous individual from relying mainly on the impression they produce, and following them up by a voluminous booklet whose contents may overpower the small investor by their sheer bulk. There are two other recommendations, finally, whose practical utility may be open to argument. To insist on a £20,000 deposit from every unit trust will protect the public from the man of straw, but will afford no reliable bulwark against malpractice. Secondly, the extension of the unit principle of investment to, say, real property would raise very difficult problems of "liquidity" and of proper valuation.

These, however, are matters of detail. The crux of the Report is that it brings the trusts broadly into line with companies for registration and taxation purposes, insists on full disclosure, and, generally, provides both a charter and a constitution for the movement. The Association of Fixed and Flexible Trust Managers is welcomed as assisting in the development of high standards of conduct. Contrary to some forecasts, however, it is considered that the time is not ripe for compelling all trusts to adhere to an association invested with statutory powers. The recommendations of the Committee may be said fairly to represent the optimum which can be achieved by legislative intervention alone. But it recognises that there are investment dangers which cannot be eliminated by legislation; and its proposals still leave scope for internal improvement in trust administration. The Committee has doubtless been wise to recognise the limitations of its task. For the investor, under any regime the obligation *caveat emptor* is inescapable. And for those who manage the unit trusts, the converse motto may well be *cavendo tutus*—"safe by taking care."

SUMMARY OF THE COMMITTEE'S RECOMMENDATIONS

THE Committee adopts the term "Unit Trust" instead of "Fixed Trust," and suggests that in any legislation the definition of a Unit Trust should be framed to include any trust or association (other than a duly incorporated company) formed to acquire and hold or deal in stocks, shares, securities or other property or rights in which the public is invited or allowed to acquire a participation, by whatever name called. But it should exclude: (a) a trust created solely for charitable purposes; or (b) to secure debentures or other similar securities; or (c) any trust or association where offers of participation are limited to finance houses or persons whose ordinary business it is to deal in property of the class to be acquired or dealt in by the trust or association; and the Committee recommends that the Board of Trade should have power to exempt any trust or association formed to acquire and hold a block of securities in a single company, solely for the purpose of facilitating dealing in such securities on the Stock Exchange.

The Committee declares that the Unit Trust, properly conducted, appears to offer the small investor facilities, which he did not previously enjoy, for acquiring a particular type of investment. It accordingly comes to the conclusion that the Unit Trust movement is one which should be controlled but not prohibited. There are dangers, however, incident to the Unit Trust movement which cannot be eliminated by legislation. The Committee considered whether it would be feasible to set up an authority without whose licence Unit Trusts could not be formed or enlarged, and in whom would be vested wide powers to deal with those possibilities which could be controlled in advance by legislation. Such a body, however, was thought inadvisable, because its existence might easily create a false sense of security, and impracticable because the discretion to be vested in the licensing authority would have to be wide and indefinite.

REGISTRATION

The Committee therefore proposes that the movement shall be regulated along the following lines:—

Registration.—Every Unit Trust shall be registered and the Managers of any new Trust shall file with the Registrar certain documents and information relating to the constitution and management of the Trust before proceeding to sell participation in such Trust. In the case of existing Trusts the obligation should be to file the documents and information within, say, three months of the Act coming into force. The file should be open to inspection by the public on payment of a small fee and the documents to be filed in the first instance should include:—(1) A copy of the deed or other instrument constituting the Trust; (2) The names and addresses of the Management Company and of the promoters of the Trust, and the names, addresses and descriptions of the Directors and Secretary of the Management Company; (3) Copies of all agreements between the Management Company or promoters and the Trustee Company. If any such agreement be oral a memorandum thereof certified as correct by the Management Company and the Trustee Company should be filed; (4) A copy of the statement giving the information required by Appendix II to the report relating to managers' and trustees' rights and duties, etc.]

Status of Management Company.—The management of Unit Trusts should be limited to incorporated bodies and so far as is consonant with the provisions of Commercial Treaties, such bodies should be incorporated in the United Kingdom.

Deposit.—It should be obligatory on the Management Companies in respect of each Unit Trust which they manage to deposit a substantial sum of money with the Paymaster General (the Committee suggests £20,000). Exemption should extend only to Trusts which close within, say, three months of the publication of the Committee's Report and remain closed.

Status of Trustees.—A Trustee of a Unit Trust must be a corporation constituted under the law of the United Kingdom and having a place of business there and empowered by its constitution to undertake trust business. It must have an issued capital of not less than £500,000, of which not less than £250,000 shall have been paid up in cash.

ACCOUNTS

Details of Accounts.—The following Accounts should be filed with the Registrar, and a copy supplied gratis by the Management Company to the unit holder on application. In cases where a Management Company is carrying on other business the record of all transactions in connection with the management of the Trust should be kept separate.

(A) Management Company's Accounts.

(1) Every Management Company shall file with the Registrar a copy of every Balance Sheet and Profit and Loss Account required to be prepared under Section 123 of the Companies Act, 1929, and also a Unit (or Sub-unit) Dealings Account in respect of each Trust for the period covered by the Profit and Loss Account.

(2) The Balance Sheet shall show, in addition to the information required by the Companies Act, the following information certified by professional accountants:—

(a) The amount reserved in respect of the services to be rendered and expenses to be incurred throughout the unexpired periods of the various Trusts and the proportion thereof deposited with the Trustees; (b) the amount due to and by the Management Company in respect of the sales and repurchases of units (or sub-units); (c) the amount due by the Management Company against delivery of securities purchased for inclusion in the Trusts; (d) the amount of the Deposit with the Paymaster General.

(3) The Profit and Loss Account shall show the following information under separate headings, certified by professional accountants:—(a) The balances from the Unit (or Sub-unit) Dealings Account; (b) amounts transferred to or from the reserve in respect of the services to be rendered and expenses to be incurred throughout the unexpired periods of the various Trusts; (c) income distributions from units (or sub-units) in hand; (d) directors' remuneration as required by Section 128 of the Companies Act, 1929; (f) trustees' remuneration.

(4) The Unit (Sub-unit) Dealings Account, which shall be certified by professional accountants, shall show, as to both values and the number of units (or sub-units) represented thereby: (a) Units (or sub-units) in hand at the beginning and end of the period; (b) purchases and sales of underlying securities; (c) sales and repurchases of units (or sub-units); (d) agents' commission on sales and repurchases of units (or sub-units); (e) share of commission and brokerage received by the Managers; (f) the amount included in the sales of units (or sub-units) in respect of loading and service charge.

(B) Accounts of the Trust.

(1) The Trustee Company shall cause to be prepared at least once in each half-year an account in respect of the period under review. A copy shall be filed with the Registrar.

(2) The account shall be certified by professional accountants:—(a) The first part shall show (i) the full amount of all cash dividends interest and bonuses for the half-year or other period in respect of each of the underlying securities, showing the gross amount before deduction of tax and the amount of tax deducted; (ii) any other distribution showing the source from which it arose and whether in the nature of income or capital; (iii) the amount of all deductions and charges in respect of remuneration or expenses of the Trustees and Managers and whether paid out of capital or income; and (iv) the net amount proposed to be distributed in respect of each unit (or sub-unit) distinguishing between capital and income. (b) The second part shall show the investments or other assets included in the portfolio as at the end of the period and shall give in respect of each item, the nominal amount of the security and the market value. (c) The third part shall give details of the cash investments and any other assets held by the Trustee Company in respect of services to be rendered and expenses to be incurred throughout the unexpired periods of the various trusts, and the trustee company shall certify that such amounts are held by it free of all charges or, if there are any charges, shall certify what such charges are and whether, in the opinion of the Trustee Company, such amounts are adequate, and also particulars of the transactions during the half-year or other period in respect of both capital and income.

ADMINISTRATION, ETC.

Indemnities of Trustees and Managers.—Indemnities should not relieve Trustees of the consequences of their own negligence and should be expressly disclosed in documents offering units for sale. A provision similar to Section 152 of the Companies Act, 1929, should apply to Managers.

Trust Deeds.—Certain provisions (outlined in an Appendix) should be compulsory, and in their absence trust deeds should be null and void. All units and sub-units should be transferable.

Winding Up of a Unit Trust.—The Court should be given power, if it is satisfied on application by any person interested, to order the Trust to be wound up and to appoint a Liquidator. It should be provided that Unit Trusts should be wound up under provisions analogous to those contained in Part X of the Companies Act, 1929. For the purpose of such winding up, Directors of the Management Company should have the same responsibilities and liabilities as directors of a company which is being wound up compulsorily.

Independence.—Managers and Trustees should be independent of one another, and where there is any community of interest or where any of the directors of one company are directors of the other, this should be disclosed in all particulars issued.

PUBLICITY

Advertisements, etc.—(1) The issue of any advertisement, circular or pamphlet (not being circulars of an informative character to existing unit holders), the subject matter of which exceeds the limitations set out below, should be regarded as constituting an offer for sale and should be made illegal unless it gives all the information specified in Appendix II [see *Registration*, above]. (2) Where an advertisement, circular or pamphlet is intended merely to call the attention of the public to the existence of a Unit Trust, it should be permissible to publish such advertisement without this being regarded as constituting an offer for sale, provided that the scope of such advertisement, circular or pamphlet is limited: (a) to stating the name and the type of the Trust; (b) to stating the name and address of the Management Company; (c) to describing and commending the class of investment authorised; (d) to indicating the minimum amount which can be invested; and (e) to stating that full information can be obtained at a given address. (3) It should be made illegal to issue or advertise any form of application for a unit, unless the form is accompanied by all particulars under Appendix II. (4) If any unit (or sub-unit) in any Unit Trust is bought from or sold to the Management Company or any company controlled by it, the Management Company should be responsible for sending forthwith: (a) to the buyer or seller a contract note complying with certain specified requirements; and (b) to the buyer a pamphlet or document giving all information required under Appendix II. (5) It should be made compulsory to file with the Registrar within, say, 14 days of the original registration of the Trust and before any unit has been sold, a copy of the circular or other document intended to be used by the Trust to give to the public the information called for. (6) It should be made compulsory to file with the Registrar copies of all circulars, pamphlets or other documents to which paragraphs (1) and (3), above, apply.

FISCAL AND OTHER PROVISIONS

Taxation.—In all settlements of a Unit Trust settlement duty (5s. in £100) should be exigible on the first presentation of the Trust Deed and further duty should be paid as and when further property is brought into the settlement. Subsequent transfer of units (or sub-units) should attract stamp duty, provision being made for Managers to be repaid the duty where the Managers and Trustees jointly certify that specified units (or sub-units) have been cancelled and that the underlying securities have been sold within two months of the transfer of the specified certificates to the Managers. Bearer certificates should be dutiable like bearer shares. Contract notes in respect of the purchase or sale of units (or sub-units) should for the purposes of stamp duty be deemed to be contract notes within the meaning of the Finance (1909-1910) Act, 1910. A written instrument of transfer should be required as is the case under Section 63 of the Companies Act, 1929, in connection with the transfer of shares.

Nomenclature.—Names of Unit Trusts should be subject to restrictions similar to those imposed on companies registered under the Companies Acts, except for Unit Trusts in existence before the publication of the Committee's report. No name should be allowed which includes the words "Fixed" and "Trust" in conjunction.

Provisions Regarding Auditors.—No person should be allowed to act as auditor of any Unit Trust if he, or any partner of his, is a director or officer (other than auditor) of, or shareholder or otherwise interested, in the Management Company; and (b) no corporation should be allowed to act as auditor. No person or firm should be appointed auditor to whom the Trustee objects, and the Trustee and the holders of a specified number of units (or sub-units), say, a majority of the units issued, should have power to remove an auditor and appoint a fresh auditor. At meetings of unit (and sub-unit) holders, one of the powers should be to remove an auditor and appoint another by a resolution passed by three-quarters majority of the votes of those voting.

A NEW TRUST

has been added to the
"15 MOORGATE" GROUP
of Fixed and Flexible Trusts.

INVESTORS FLEXIBLE TRUST, the latest addition to this well-known Group, provides a fully flexible investment within a range of over 300 leading industrial and commercial undertakings, and on the initial portfolio, shows a yield estimated at 4½%.

The "15 Moorgate" Group now consists of the following Trusts:

Name of Trust	Gross Annual Yield
INVESTORS FLEXIBLE TRUST Trustees: Midland Bank Executor and Trustee Company Limited Bankers: Midland Bank Limited	4½%
INVESTORS GENERAL FIXED TRUST (over subscribed) Trustees: Royal Exchange Assurance Bankers: Barclays Bank Limited	4½%
INVESTORS SECOND GENERAL TRUST... Trustees: Royal Exchange Assurance Bankers: Barclays Bank Limited	5½%
INVESTORS GAS AND ELECTRIC TRUST Trustees: Royal Exchange Assurance Bankers: Barclays Bank Limited	3½%
INVESTORS GOLD SHARE TRUST ... Trustees: Royal Exchange Assurance Bankers: Barclays Bank Limited	7½%
PROVIDENT INVESTORS TRUST ... Trustee and Banker: Martins Bank Limited	4½%
SECURITY FIRST TRUST ... Bankers & Custodian Trustees of the underlying securities: Lloyds Bank Limited	5½%
HUNDRED SECURITIES TRUST ... Bankers & Custodian Trustees of the underlying securities: Lloyds Bank Limited	4½%

*This is the estimated Gross Annual Yield based only on the cash dividends paid in the past year on the securities contained in the Unit or Initial Portfolio. This does not include capital bonuses or sales of rights.

It has always been the policy of the Managers so to constitute the Trusts of the "15 Moorgate" Group as to provide a varied selection of investments which, in their respective fields, offer the best possible yield and prospect of appreciation consistent with security of capital. It has also been the policy of the Managers to incorporate in the constitutions of their Trusts every possible measure to safeguard the interests of investors.

Applications for sub-units will only be accepted on the basis of the descriptive booklets obtainable free from the Managers,
INVESTORS SPECIALISED FIXED TRUSTS LTD.
or SECURITY TRUST MANAGERS LTD.
(Members of the Association of Fixed and Flexible Trust Managers)
(BOX EC), 15 MOORGATE, LONDON, E.C.2
Telephones: Metropolitan 3622 (15 lines)
Branch Office: 7, PALL MALL, MANCHESTER, 2

INFORMATION AS TO INCOME

Income Distributions.—Any Income Distribution Warrant should be accompanied by a statement showing clearly:—
(a) in respect of each of the underlying securities in the Trust or, in the case of Trusts with fixed investments, in the unit:—
(i) the nominal amount and description of each security held, (ii) the date of payment of dividends since the last Income Distribution, (iii) the amount of gross dividend from each security, (iv) the amount of Dominion Income Tax relief, (v) the amount of United Kingdom Income Tax deducted, (vi) the net amount of dividend, (vii) the amount of cash bonuses received and cash realised by the sale of bonus rights or shares included in the Distribution; (b) the amount in respect of the total of (vi) and (vii) above accruing to the Trust or, in the case of Trusts with fixed investments, in respect of each unit; (c) the amount of all deductions or charges (if any) in respect of the remuneration or expenses of the Trustee Company and Management Company; (d) the amount to be distributed on each unit (or sub-unit) and the amount due to the unit (or sub-unit) holder showing separately—(i) the net income from dividends; (ii) proceeds of sale of bonus rights, etc. and equalisation fund repayment. Particulars are specified in the case of Unit Trusts based on property other than stocks or shares. Management Companies, their directors, and anyone who has authorised the issue of an advertisement offering units or sub-units for sale, shall be liable to compensate persons who acquire units (or sub-units) on faith of the advertisement for any damage sustained by them as the result of untrue statements therein.

MEETINGS AND VOTING RIGHTS

Meetings of Unit Holders.—The Trustee or a given proportion by value of holders of units (or sub-units), say one-tenth, should have power to call or require the Managers to call a meeting at which each unit (and sub-unit) holder should have one vote per unit (or sub-unit) held, and that for this purpose a unit (or sub-unit) holder should have the right to obtain from the Trustees or Managers upon payment of a reasonable fee a list of the names and addresses of registered holders and in the case of bearer certificates the names and addresses of the persons to whom the last coupons were paid. Provision should be made for the use of proxies at meetings of unit (and sub-unit) holders. Provided not less than 21 days' notice has been given of intention to propose such a resolution, any meeting of holders of units (or sub-units) at which not less than 25 per cent. of the units (or sub-units) are represented in person or by proxy should (notwithstanding any provisions of the Trust Deed or other document constituting the Trust) have power by a resolution passed by a three-quarters majority of the votes cast at such meeting to (a) remove a Trustee or Manager; (b) appoint a new Trustee or Manager; (c) remove the Auditors and appoint new Auditors; (d) authorise one or more holders of units (or sub-units) on behalf of all such holders to make an application to the Board of Trade to institute an investigation; (e) give directions to those controlling the voting power on the underlying securities, how such voting power is to be utilised either generally or in specific cases; (f) appoint a committee and define its constitution and powers (including powers to institute on behalf of all holders of units (or sub-units) legal proceedings) and provide for payment of its cost and expenses out of the trust property or the income thereof; (g) remove all or any of the members of such committee and appoint others in their place, or provide for the termination of such committee.

Voting Rights.—It should be stated by whom the exercise of voting rights should be controlled and what, if any, right a unit (or sub-unit) holder will have to control the exercise of such voting power. There should be provision to give a holder or holders of an appreciable quantity of units (or sub-units) the right to direct how the votes attaching to his holding be exercised. The Board of Trade should similarly be given power, on the application of, say, holders of one-tenth of the units (or sub-units) issued to appoint an Inspector to investigate the conduct of a Trust.

Penalties, etc.—Similar provision to Section 153 of the Companies Act, 1929, should be made applicable to Unit Trusts. It should be made a criminal offence to go from house to house offering for sale units (or sub-units) of a Unit Trust. The Managers should be required to furnish a copy of the Trust Deed on payment of a reasonable sum (not exceeding 2s. 6d.) to each applicant. Penalties equally substantial with those of Section 362 of the Companies Act, 1929, should be imposed in the case of false statements made in any documents relating to Unit Trusts. Other suitable penalties should be imposed in the case of other breaches of such statutory requirements as may be adopted.

INVESTMENT NOTES

Slump in Paris.—Although hopes of an improvement in the international situation produced a better tone on the Paris Bourse in the middle of this week, the more deep-seated anxieties of investors over the French financial outlook have not been allayed. It may be questioned, however, whether the recent fall in prices, which we discussed in a Note last week, has not been overdone. Our Paris Correspondent points out that the market capitalisation of certain enterprises of the highest standing now scarcely exceeds the total of their reserves, and dividend yields are frequently over 10 per cent. Of the Government's "New Deal" measures, it is computed by some experts that a forty-hour week will raise the wage-bill of French industrialists by nearly 15 per cent., while payment for holidays will cost, approximately, an additional 3 per cent. The most formidable item is that of direct wage increases. The "Matignon Accords" of June 7 provided for a maximum rise of 12 per cent., but the insertion of a minimum wage clause raised the effective figure to 20 per cent. in many instances. Subsequently, the Minister of Commerce mentioned a figure of 24 per cent. to the Chamber—exclusive of the forty-hour week. The effect on profits and dividends, however, depends on the widely varying proportion which wages bear to the total cost of individual products. In the electrical construction industry the ratio is estimated at about 32 per cent., in the automobile industry at 23 per cent., in building at 40 per cent., and in coal-mining at 62 per cent. Allowing for the varying incidence of other costs, such as transport, power, bank charges, taxes, etc., it is estimated that the increase in total costs will range approximately between 20 and 35 per cent. The ability of French companies to offset part or the whole by higher selling prices may be limited immediately by the action of the committees set up by the Government to decide the maximum permissible increase of prices, and ultimately by the ability of the consuming public to pay more. The Government appears to be staking everything on a revival in economic activity, and to tide over the interim it has arranged for special financial facilities, particularly to medium and small-sized enterprises, and advances to the export trades and other industries, like building, which are handicapped by long-term contracts. The attitude of the Bourse, however, suggests that many investors fear that the difficulties of industry and trade will not be merely transitory, and that wider credit facilities will lead only to an increase of industrial indebtedness. M. Blum's social measures, admittedly, may increase the spending-power of the wage-earners, but two-thirds of French consumers are farmers, rentiers, and business men, or are engaged in industries of expertise, art and luxury. These sections of the population are demanding a reduction of taxation, but the prudent Minister of Finance is unwilling to produce any far-reaching plan of taxation reform until the autumn. Whether a measure of currency alignment—to which non-French observers would give the grosser name of devaluation—will come in the future, with or without some international monetary understanding, is a matter on which, apparently, French investors have not yet clearly made up their mind. It is everywhere believed in France that the Cabinet has been converted in principle, but the way, for the present, is barred by the Communists. If devaluation were really believed imminent, ordinary share prices should be rising and not falling. Undoubtedly, sooner or later, a substantial recovery in ordinary share values is indicated.

Iron and Steel Conditions.—In view of the continuing boom in iron and steel shares, and the economic controversies which have ranged round certain price, tariff and organisational aspects of the present prosperity of the steel industry, special interest attaches to the broad survey of contemporary conditions given by Mr Clive Cookson to shareholders of the Consett Iron Company last Tuesday. The company is a North-East Coast enterprise, with a

range of activities which includes coal mining, iron smelting, steelmaking, and the production of coke, by-products, lime and bricks. The beneficial effect of improved demand has been brought home to Consett Iron shareholders by a rise in the company's trading profit, after taxation, from under £42,000 in 1932-33 to over £470,000 in 1935-36. Mr Cookson, at the outset, duly burned incense to the tariff, to the industry's agreement with the Continental Steel Cartel and to "a genuine increase in demand." He pointed out that the North-East Coast, with a production last year of 1,723,000 tons of pig iron and 2,061,000 tons of steel ingots and castings, now occupies first place in the steel-producing areas of the country. It is clear, however, that the chairman of Consett Iron is not wholly satisfied with prospects on the coal side of the company's business. Though the company is using more coal in its coke ovens, it has not been able to maintain an output equal to that of the preceding year. It is feared, moreover, that the results of the new coal-selling schemes may be prejudicial to the company's general interests—which are those of a coal consumer rather than a producer. Its coke production, however, is increasing, and twenty additional ovens started operations as recently as the middle of last June. The setting up of an International Coke Convention should assist the company in its export trade. From the tenor of Mr Cookson's remarks on the steel trade in general, however, it may well be that expectations of a further considerable increase in profits, on the lines discounted by many steel share prices to-day, are definitely over-optimistic. While most of the company's departments are benefiting from an increased volume of trade, rises in raw materials, wages and other costs are in progress, and the prices of finished materials have not advanced with equal step. The inference applies to many iron and steel shares besides those of Consett. "I am afraid . . . its effects are not sufficiently kept in mind by the public."

Industrial Profits in July.—The expansion in industrial profits which, during recent months, has been proceeding more slowly than in 1935, was more impressive last month. An increase of 15.69 per cent. compares with 13.5 per cent. in June and 13.44 per cent. for a similar, though not identical, sample of companies in July, 1935. Figures for recent months are set out below:—

Reports published in	No. of Companies	Rise in Profits*	Reports published in	No. of Companies	Rise in Profits*
1935—			1935—		
March ...	261	22.54	December ...	159	12.27
April ...	242	16.49	1936—		
May ...	244	11.07	January ...	128	13.66
June ...	191	21.72	February ...	205	9.00
July ...	232	13.44	March ...	236	17.39
August ...	38	5.93	April ...	254	9.41
September ...	77	9.28	May ...	269	9.41
October ...	166	29.19	June ...	214	13.50
November ...	160	17.47	July ...	228	15.69

* After payment of debenture interest.

Last month's reports disclose net profits of £14,337,131, compared with £12,393,128 in the preceding year. The iron, coal and steel group has contributed generously to the month's increase. Fourteen companies in this group reported net profits of £2,067,246, compared with £1,462,271 for the previous year. Building materials concerns, brewery companies and miscellaneous undertakings reported a substantial increase in profits. As many as 86 reports came from plantation companies. Of these 34 tea growers increased their profits from £235,652 to £630,419, but 52 rubber companies showed a fall in profits of £87,539 to £486,991.

Actuaries' Investment Index.—An all-round increase of share prices in practically every section of the market raised the Actuaries' Investment Index for 178 industrial equities to 85.7 on Tuesday of this week, compared with 85.1 last week and 83.5 a month ago (December 31, 1928 = 100). The yield this week is 3.68 per cent., against 3.69

FIRST PROVINCIAL Unit "B"

Certificates have consistently proved their value as an investment right from the start. The actual distributions received by Certificate Holders are as follows:

	d.
First distribution	6.6456 per Sub Unit gross.
Second	" 5.4874 " " " "
Third	" 6.8128 " " " "
Average	" 6.31526 " " " "

The gross yield at to-day's market price represents

5 1/4%

List of Securities:

War Stock 3 1/2 per cent.
Bank of England.
India 3 per cent.
Pearl Assurance Ordinary.
Imperial Tobacco Ordinary.
Carreras "A" Ordinary.
Imperial Tobacco of Canada.
Lever Bros. 20 per cent. Preferred Ordinary.
Woolworths Ordinary.
Harrods Ordinary.
Spillers Deferred.
Scribbans Ordinary.
Imperial Continental Gas.
British Columbia Power "A."
Gt. Western Railway Cons. Ordinary.
Anglo-Portuguese Tel. Ordinary.
Austin Motor 20 per cent. Preferred Ordinary.
Amalgamated Press Ordinary.
Associated Newspapers Deferred.
Wiggins Teape Ordinary.
J. & P. Coats Ordinary.
Courtaulds Ordinary.
New Modderfonteins.
Government Areas.
Nundydroogs.
Van Ryn Deeps.
Beechams Pills Deferred.
Imperial Chemical Ordinary.
Covent Garden Props. Ordinary.
Gaumont British Ordinary.
Wall Paper 10 per cent. Ordinary.
Powell Duffryn Ordinary.

Custodian Trustees:
MIDLAND BANK EXECUTOR & TRUSTEE CO. LTD.



Application forms for Sub-Units may be obtained from any branch of the Midland Bank Ltd., any Stockbroker, or direct from

FIRST PROVINCIAL FIXED TRUST LTD.

2, Spring Gardens, Manchester, 2
Telephone: DEAnsgate 3056

MEMBERS OF THE ASSOCIATION OF FIXED & FLEXIBLE TRUST MANAGERS

per cent. last week and 3.75 per cent. a month ago. The following table shows movements in various groups:—

Group and No. of Securities	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month Ago July 14	Last Week Aug. 4	This Week Aug. 11	Month Ago July 14	Last Week Aug. 4	This Week Aug. 11
Building Materials (5)	102.8	102.2	103.1	4.70	4.76	4.71
Cotton (6)	37.7	39.8	41.3	2.23	2.17	2.14
Iron and steel (12)	74.8	79.8	80.3	3.97	3.74	3.72
Oil (5)	80.5	82.8	83.6	3.34	3.24	3.22
Flame rails (4)	68.2	73.3	78.1	1.80	1.53	1.49
Stores and catering (20)	85.8	84.9	85.0	3.64	3.67	3.67
Breweries and distilleries (21)	146.5	149.2	150.6	3.97	3.93	3.91

Home Rails have improved rapidly under the influence of the wages settlement, which was correctly anticipated on Tuesday, and on the recent revival in heavy goods traffics. Electric supply, cotton, brewery, building material and oil shares have all improved more than the average. The increase in share prices reflects continued good business reports, and the rise in commodity prices which seems to be becoming more pronounced.

COMPANY NOTES

Hotel Companies.—When we last reviewed the hotel industry (August 31, 1935, page 434) we suggested that though hotel shares had certain recovery possibilities, the industry as a whole appeared to be suffering from "excessive capacity" which was independent of cyclical

	(Profits in £'000)						
	1930	1931	1932	1933	1934	1935	1936
Carlton Hotel (Aug. 31)—							
Earned for pref.	48.2	3.4	Dr 18.0	Dr 6.8	4.0	16.5	...
Earned % for ord.	20.2	Nil	Nil	Nil	Nil	3.68	...
Ord. div. %	12	3	Nil	Nil	Nil	Nil	...
Cranston London (May 17)—							
Earned for pref.	26.1	30.3	18.9	10.2	10.9	12.5	2.5
Earned % for ord.	28.3	34.6	20.3	8.5	9.3	11.5	Nil
Ord. div. %	25	25	15	15	10	10	10
Frederick Hotels (June 30)—							
Earned for pref.	50.2	30.7	3.3	3.7	5.5	13.8	...
Earned % for ord.	12.3	1.5	Nil	Nil	Nil	Nil	...
Ord. div. %	6	Nil	Nil	Nil	Nil	Nil	...
Gordon Hotels (Dec. 31)—							
Earned for pref.	102.3	Dr 28.5	Dr 34.7	Dr 23.5	Dr 8.3	5.3	...
Earned % for ord.	8.0	Nil	Nil	Nil	Nil	Nil	...
Ord. div. %	5	Nil	Nil	Nil	Nil	Nil	...
Hyde Park Hotel (April 30)—							
Earned for pref.	13.2	5.7	Dr 20.9	Dr 22.2	Dr 13.8	Dr 9.7	Dr 1.4
Earned % for ord.	8.3	Nil	Nil	Nil	Nil	Nil	Nil
Ord. div. %	5	Nil	Nil	Nil	Nil	Nil	Nil
Rubens-Rembrandt (June 30)—							
Earned for ord.	15.8	0.7	Nil	Nil	Nil	Nil	...
Earned %	8.9	0.3	Nil	Nil	Nil	Nil	...
Ord. div. %	8	Nil	Nil	Nil	Nil	Nil	...
Savoy Hotel (Dec. 31)—							
Earned for ord.	101.7	0.3	Dr 7.4	17.9	36.6	37.3	...
Earned %	14.6	0.05	Nil	2.4	5.0	5.1	...
Div. %	10	Nil	Nil	2½	5	5	...
Strand (Sept. 30)—							
Earned for pref.	113.5	119.2	119.1	119.1	119.1	120.0	...
Earned for pref. ord. %	17.7	19.2	19.2	19.2	19.2	19.2	...
Pref. ord. div. %	13	14	14	14	14	14	...
People's Refreshment Ho. Assoc. (Dec. 31)—							
Earned for div.	14.0	0.5	Dr 0.7	0.4	0.6	6.9	...
Div. % pd.	6½	Nil	Nil	Nil	Nil	2½	...
Trust Houses (Mar. 31)—							
Earned for ord.	113.8	82.0	63.0	51.3	67.0	86.6	82.8
Earned %	8.3½	9.1	7.4	5.7	7.4	9.7	8.3
Div. %	6½	6	5	4	5	6	6

§ After normal pref. div.

† Tax free.

influences. Recovery has now progressed far enough to confirm that view. Even the combination of undoubted recovery, amounting in London to prosperity, and of the Jubilee year, left profits still below normal. Hotel chairmen complain chiefly of competition from new residential flats and of anomalies in the licensing system. The flats

attract visitors who intend to stay more than a few nights, while the second factor interferes with their restaurant business. The accounts of the principal companies also show that competition is forcing hotels to embark upon substantial new expenditure for maintaining their equipment at the most modern standard. At first, this involved such improvements as running water, bathrooms to each bedroom, and telephones throughout. In the future, the luxury hotels may have to provide noise insulation and air-conditioning equipment. The accompanying table shows however, that hotels catering for non-luxury visitors have been able to maintain profits. Thus Strand Hotel has disclosed consistent earnings throughout the depression (after various accounting adjustments), and Cranston London Hotels have paid a dividend each year, though for 1935-36 the distribution was not earned. Similarly, the experience of Trust Houses and People's Refreshment House Association shows that the growth of motoring, which has affected the London hotels, has produced corresponding benefits in the country. Apart from these special exceptions, however, the hotel industry is passing through a difficult phase, involving both unlet rooms and reduced prices. It is probable that the current influx of American tourists, and the presumed increase in London visitors during next Coronation year, will ease the letting position, but it is questionable whether prices will recover the 1929 level. On present indications, a moderate recovery may result, sufficient to eliminate the losses of recent years, but unlikely to achieve positive prosperity.

Mosul Oil Fields Deal.—The control of Mosul Oil Fields has passed to its big rival—or big brother—the Iraq Petroleum Company. This consolidates an oil venture which might have involved economic or political difficulties in the future. Mosul Oil Fields was formed in 1932 to acquire all the shares of the B.O.D. Company, which in turn had been formed to acquire from the Iraq Government a concession of 45,000 square miles west of the Tigris, an area outside the concession of the Iraq Petroleum Company, which is east of the Tigris. Analysis of the interests in Mosul Oil Fields reveals that Italian and German groups had participations, while Lord Inverforth was also interested. Lord Glenconner, of C. Tennant and Sons, and Viscount Goschen, who is chairman of the company, remain on the re-constituted board. Naturally, there was rivalry between this company and the Iraq Petroleum Company, which has a capital of £6,500,000, owned jointly by Royal Dutch-Shell, Anglo-Iranian, Standard Oil, and French interests, with a minority interest (5 per cent.) held by Mr Gulbenkian. Mosul Oil Fields, with a capital of £1,669,289, required finance, and last year its Italian shareholders came to the rescue, paid part of the company's dead rents, and obtained a majority on the board. Management control, however, under the terms of the concession, remained in British hands. Options on Mosul Oil Fields shares have been outstanding to the Italian group, the Egyptian Government, a Dutch group and a German group, but the German group failed to keep its options alive in March, 1935. The Italian group has now disposed of its interest, which has passed, with other of the options, to the Iraq Petroleum Company. The latter is probably best equipped to provide the capital which Mosul Oil Fields requires. The eight Italian representatives have resigned from the board, and six new directors, representing the new controlling interests, have taken their seats. Apart from possible political questions, it might have led to some difficulties between the Mosul and Iraq companies if the Italian directors had insisted on a development policy involving, say, the construction of a railway to carry the oil from the Mosul fields, to the detriment of the Iraq Petroleum Company and its pipe-line.

Brewery Profits.—We referred last week (page 276) to the continued recovery phase of brewery profits. The report of Friary Holroyd and Healy's Breweries, published since we wrote, confirms the good impression of earlier reports. Total profits, including rent and interest, have

increased from £238,253 to £266,388; the dividend is raised from 11 to 13 per cent., and is comfortably covered by earnings of 21.6 per cent., compared with 19.6 per cent. for the preceding year. These satisfactory results are further analysed below:—

	Years to June 30		
	1934	1935	1936
Trading Profits	178,081	195,062	221,746
Rent and interest	50,989	43,191	44,642
Total income	229,070	238,253	266,388
Expenses, repairs, fees, etc.	96,401	103,225	112,863
Debiture interest	9,335	9,535	16,763
Preference dividend	20,936	20,936	20,936
Ordinary shares:—			
Earned	102,198	104,557	115,826
Paid	59,245	65,169	77,018
Earned %	19.4	19.6	21.6
Paid %	10	11	13
Reserve	40,000	40,000	40,000
Carried forward	26,440	26,782½	26,619

† Including credits for income tax, £954 in 1935 and £1,029 in 1936.

Investors may be the more impressed by this scale of progress, since the company's area in the residential and agricultural districts of the South does not afford the larger recovery possibilities of the Northern industrial areas. But it has its own special equity in increased tourist traffic, for which suitable alterations to licensed premises are being made. The company has effected a consolidation of its bank and debenture debt, and is adequately financed for development. The problem of satisfactory accommodation, however, is common to all tied-house brewing companies. At this week's meeting of Watney Combe Reid and Company, Colonel O. P. Serocold showed that public refreshment houses must keep pace with the wider improvement in social conditions. Special factors like new housing schemes and street widening involve the companies, particularly in the London area, in continuous renovation and rebuilding. And since the industry has now extended its interests into the catering trade proper, the capital cost of keeping abreast of the times is correspondingly heavier. In the Metropolitan area, moreover, the economies obtainable from merging smaller brewing undertakings have already been largely won. The new Guinness brewery at Park Royal, however, may in time point the way to most impressive possibilities for reduced costs. Shareholders last Saturday learned that the new buildings are now approaching completion, and that experimental brewing has been carried out. The market remains convinced that higher brewing efficiency and the elimination of transport costs will find their reflection in the Guinness profit and loss accounts of the near future.

Stores Dividends and Prospects.—The season for store interim dividends has opened satisfactorily with the announcements of the Harrods group distributions. The parent concern maintains the 5 per cent. rate paid last year (which was followed by a final distribution of 11 per cent.), while D. H. Evans has declared the now customary 15 per cent. distribution. The other large subsidiary, Dickens & Jones, however, has increased its interim payment from 4 per cent. to 5 per cent., and has no doubt profited appreciably from the brighter trading prospects to which Sir Woodman Burbidge referred at the meeting in March. But the season has not, on the whole, fulfilled earlier expectations. The period of public mourning at the beginning of the retailing year and adverse weather conditions during the greater part of the summer have restricted purchases of fashion and holiday goods. The percentage advance in retail sales amounts to 6.4 per cent. for the period February-June, compared with 4.6 per cent. for the corresponding period of 1935, but for Central and West End London, however, the corresponding percentages are 2.9 per cent. and 1.1 per cent. It would seem, therefore, that much of the advance in reported retail trade turnover must be attributed to increases in foodstuffs, which form some 52 per cent. of the total. This movement, which is attributable both to increased volume and prices, confers

relatively small benefit on the large London stores. The investor, indeed, may ask whether the further recovery which the latter undertakings should enjoy, may not be tempered, to some extent, by the effect of rising prices. Where conditions allow an immediate "mark-up" to compensate for increased re-stocking costs, companies may reap an adventitious profit on existing stocks. But competitive conditions among London stores cannot permit such immediate adjustments on all lines, and on some goods there may even be a temporary reduction in margins. Yields of a few shillings under 4 per cent. on such representative equities as Harrods and John Barker thus appear to value the recovery elements in increased purchasing power with suitable moderation.

Slump in Philips Lamps.—The Amsterdam Stock Exchange has been puzzled and disquieted by an extensive fall in the ordinary shares of N.V. Philips' Gloeilampen-fabrieken, one of the most active of Dutch market leaders. In 1935 the shares touched a high price of 274 per cent., and they opened at 231½ this year. By the end of April the quotation had fallen to 170½, and at the end of June it was nearly 173, after having recovered to 188½ towards the end of May. By the end of July, however, it had further fallen to a low point of 155, and the latest price is no better than 159½. On a dividend for the year to April, 1935, of 11 per cent. the yield is as high as 7 per cent., which appears to discount a considerable reduction in future dividends. In fact, it is understood in Amsterdam that fairly regular selling orders have come from a particular quarter, but there have been no suggestions of a decidedly unfavourable turn in trading results. Last March the management declared, indeed, that they were not themselves aware of any reason for the weak market tendency. The company's report for the year which closed last April is expected shortly, and some idea of its tenor may possibly be gleaned from a report of the East Brabant Chamber of Commerce, which declared that although the company, last year, had again to resort to decentralisation of production and increased manufacture abroad of metal filament lamps and wireless apparatus (to circumvent the protective measures of foreign countries), it had been found possible to introduce several new products, after extensive experimental work. Consequently, turnover had not been lower in 1935 than in 1934, and the results achieved were not unsatisfactory. Recently the Government of the Netherlands has prolonged its quota restrictions on the import of competitive metal filament lamps of foreign manufacture, subject to a 5 per cent. reduction in internal selling prices. On the whole, it would seem that the handicaps which the company suffers—as a producer whose main costs are in gold guilders while its market is international—have been accentuated rather than eased since the end of the financial year. Delay has occurred in remittances from certain countries with depreciated currencies and exchange restrictions. The company recently announced a reduction in salaries of 10 per cent., of which 5 per cent. is to take effect in September and another 5 per cent. in January. These indications in themselves, however, do not fully explain the depreciation in the shares. It remains to be seen whether profitability has been so far affected that a sharp reduction in the ordinary dividend will be found necessary.



SECURITY FIRST

TOTAL FUNDS EXCEED
£47,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices:
LIVERPOOL
North John St.

LONDON
Lombard St.

Further Cinema News.—Last week, National Provincial Cinemas (a constituent company in the Union Cinema group which was floated in August last year) announced a first dividend at the rate of 15.658 per cent. for its initial trading period to March 31st last. The report, published this week, shows that this rate of payment involves a generous distribution of profits, for of £19,062 available for the ordinary dividend, only £794 is carried forward after its payment. In fact, however, these results are an inadequate guide to regular earnings prospects, for they arise from cinema profits and revenue from subsidiaries covering widely different periods. The balance sheet reveals certain features which call for separate comment. The rapid financial development of the company has involved the issue of £350,000 debentures as collateral, although no amounts were due to the bank at the date of the balance sheet. An existing mortgage loan appears at £152,213 in the balance sheet. In addition, the company has guaranteed jointly with two other companies (presumably Union Cinema and Oxford & Berkshire Cinemas) and severally a debenture securing £772,000 advanced to an associated company (presumably Union Cinema) by the bank. A liability of this sort would appear, *prima facie*, somewhat inappropriate, and possibly onerous, for a young concern whose total assets are, in fact, only £25,000 greater than the sum guaranteed. Elsewhere, spokesmen for the cinema industry view the prospect with optimism. Mr John Maxwell, in his speech at the Associated British Picture Corporation meeting on Thursday, expressed his "Extreme confidence" in the prospect of increased profits from the Corporation's important cinema department. And whereas, last year, he uttered a grave warning against the "frenzied finance" of film production, Mr Maxwell now sees improvement even in this essentially speculative business. It is clear that the cinema industry, like other suppliers of "consumption goods," is now experiencing the benefit of increased purchasing power, particularly in areas devoted to "heavy industry." For the investor, however, it must remain a medium for discriminating and speculative operations.

Fairbairn Lawson Reorganisation.—Two salvage schemes have been proposed this week for consideration. The first, which affects security holders of Fairbairn Lawson Combe Barbour, is a draconian affair, but although the total weight to be borne is heavy in the extreme, its disposition between various classes of capital appears broadly to challenge no principles of equity. The total share capital amounts to £1,194,800 (of which £300,000 is in 5 per cent. £1 preference shares and £894,800 in ordinary shares), but no less than £1,213,258 falls to be provided for accumulated losses, accrued interest, and excessive book value of the fixed assets. The preference shareholders are to forgo arrears of dividend (since 1925) together with 18s. 6d. on each share. In respect of every 100 preference shares, the holder will receive 100 is. preferred ordinary shares (ranking for a non-cumulative preferential dividend of 1s. per share per annum) and the right to repayment of £1 in a winding-up, and in addition 50 is. ordinary shares. The ordinary shareholders lose 19s. in capital, receive an equal number of new ordinary shares of 1s., and retain 77 per cent. of the equity. These proposals should be acceptable, particularly to the ordinary shareholders, for it might be maintained that if preference shareholders are to lose their cumulative rights and arrears, they should be entitled to a somewhat greater share in the equity. In view of the sacrifices of prior creditors, however, it would be unfair to press this reservation too far. Holders of the two debentures and note issues forgo their interest arrears. The banking creditor accepts a lower rate on the company's overdraft; the 4 per cent. debenture holders are invited to accept 3 per cent. in fixed interest, with an additional 2 per cent. contingent upon profits. Finally, the unsecured noteholders forgo one-quarter of their capital, and by the offer of 10 per cent. non-cumulative preference shares should, on paper, maintain their income rights, providing that profits suffice. The board professes optimism regarding the earnings outlook, which may to some extent relieve the impression, from the latest accounts, that the scheme,

though fair in essentials, may be somewhat premature in relation to earnings recovery. The balance of £19,612 shown for the latest year would not fully cover the minimum charges for bank and debenture interest. Schemes of this order might well be supplemented by a cautious estimate of future profits.

Lennards Scheme.—Another scheme of reorganisation, published this week, applies to shareholders in Lennards, Limited. In this case the first preference shareholders receive a meagre slice of the equity in return for a capital "cut" of 13s. in the £, and the second preference holders receive no equity rights. But the ordinary shareholders, on whose shares nothing has been earned since 1929, will receive five 6 per cent. non-cumulative preferred ordinary shares and three deferred ordinary of 1s. for every five existing shares. Of the equity, 5 per cent. will go to first preference shareholders, 30 per cent. to existing ordinary shareholders, 15 per cent. to the property-owning subsidiary, and 50 per cent. to Sir Walter Forrest. The latter allotment is in consideration of Sir Walter's underwriting £50,000 5 per cent. debentures. Sir Walter also becomes chairman with power to appoint a new board. The scheme, altogether, metes out hard treatment to preference shareholders who may well be disposed toward collective action against it, despite the handicap imposed on them by the fact that, under the company's articles, all classes of shares rank *pari passu* in a liquidation. Recent reconstruction schemes, successful and otherwise, have gone far to establish a "code of equitable sacrifice" for preference shareholders, with which certain features of the present scheme can scarcely be reconciled.

Tea Company Results.—Tea shares remain completely friendless, and their movements in the past few months have sadly disappointed the high expectations entertained in the early part of the year. Two primary factors contributed to the optimism prevailing at that time. First, the International Tea Committee's decision to maintain export quotas unchanged for the season at 82½ per cent. of standard suggested a more vigorous application of the restriction screw than had been anticipated. Secondly, a steady improvement in the statistical position promised further help for tea prices during the year. These indications, unfortunately, have been largely falsified. Stocks continued slowly to decline, but prices were sluggish owing to poor demand at auctions. Undoubtedly, the increased tea duty imposed by the Budget came as a blow to an industry which still required careful nursing, and it upset calculations of profit for the remainder of the year. The subsequent course of prices is in sharp distinction to the experience at last year's new season auctions. Eager demand at the latter produced sharp rises in profits, during the second half of the year, for the majority of companies. The improvement in dividends can be judged from the following table:—

Company and Share Denomination*	Average Tea Price		Ord. Div. %		Present Share Price	Yield on latest Div.	Id. per lb. % on Ord. Cap.
	1934	1935	1934	1935			
Brahmapootra (£5)	11-01	11-98	12-5	20-0	£16½	6-1	8-5
Budla Beta	14-56	...	4-0	7-0	35/-	4-0	2-7
Ceylon Tea	12-37	12-75	12-5	10-0	50/-	4-0	5-0
Chubwa	10-60	12-29	10-0	12-5	46/3	5-1	8-3
Chulsa	10-70	11-72	8-0	12-0	46/3	5-2	5-4
Deundi (10/-)	10-75	11-79	12-5	15-0	23/9	6-3	5-9
Dooars	11-14	12-59	7-5	15-0	43/9	6-8	5-5
Doom Dooma	11-74	13-44	2-5	7-5	46/3	6-5	5-8
Jhazlie	11-20	12-91	5-0	10-0	28/9	5-2	3-3
Jorehaut	11-28	12-38	7-0	8-0	41/3	4-9	5-7
Lunava	11-46	12-30	5-0	5-0	35/7½	4-5	8-6
Nedem	7-59	8-19	Nil	2-5	13/1½	3-8	2-6
Sumatra Tea							

* All £1 unless otherwise stated.

Although no liquidation pressure has yet been experienced in the tea market, investors may find many of the yields, based on last year's relatively good dividends, somewhat low. Current share quotations, indeed, do not appear to undervalue prospects for some time to come. And since most companies show a "high-gear" response to

changes in prices, share values may be vulnerable to a continuance of this week's disappointing trend in Mincing Lane.

—And the Restriction Outlook.—Under present conditions, indeed, investors may feel rather less confident about tea shares than the International Tea Committee feels about restriction. The Committee's third Report, covering the year to March last, suggests that its judgment was sound in fixing the quota at 82½ per cent. for 1935-36, stresses the increased absorption of supplies during the year, and refers, with disappointment tinged with hope, to the effects of the inopportune increase in the tea duty. The report for the previous year stressed the threat of excess productive capacity over the next few years, but on this occasion it refers in more general terms to the need for a large increase in consumption. The Committee's own estimate of a gap of 315 million pounds between demand and potential production in 1938—the last year of its mandate—contrasts unfavourably with an actual world absorption of 874 million pounds for 1935. The Committee is also faced with a problem of "outside" areas, particularly in Africa, where agreements to limit planted areas have been reached, but India's land tea trade has now been brought under control. But the Committee's main problem—and main endeavour—is to increase tea consumption, by suitable propaganda. This factor, more than any, gives the scheme its inflexible character, for since production licences must be issued some time in advance, the Committee is forced to legislate on a broad long-term view. Until consumption shows some sign of filling the gap created by potential output, satisfactory auctions cannot be expected, for the Committee is unlikely to turn the screw tighter and thus aggravate its own problem. Indeed, it may be necessary to increase releases, despite adverse price movements, as the first term of restriction approaches its end. Both on the short- and long-term view, the prospect is far from clear for tea company profits and shares.

Other Company Results.—Nine additional companies figure in our table of company profits on page 332. The *Empress Brewery* figures closely compare with those of the previous year. *Henry Briggs Son and Company* show a significant rise in profits at £63,471, compared with £48,913 for the previous year. This is the peak rate of earnings during the last seven years, and the company's reputation as one of the best profit-earners in the coal industry will undoubtedly be enhanced by these results. The dividend, maintained at the previous rate of 7½ per cent., has been earned with a generous margin. *Prye Rubber* has maintained its earnings, thanks to the improvement in the copra market, but the *Kepitigalla* results are disappointing. In the trust group, *Third Scottish American* reports increased profits and pays 18 per cent. on the ordinary capital, compared with 17 per cent., but the net revenue of *Compass Investment Trust* has not been fully maintained. This week's dividend declarations have, perhaps, been of greater interest to the market than other company news. The doubled *Triple** distribution (including dividend and bonus each of 30 per cent.) was well anticipated and warmly received. The directors of *Hadfields* have declared an interim dividend of 3½ per cent. The net profits statement of *International Nickel* shows an advance of \$683,399 to \$9,070,186 for the second quarter.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET
AUGUST 25

ACCOUNT
AUGUST 27

CHEERFUL conditions have prevailed in the markets during the week for a very varied set of reasons. The underlying cause is doubtless the continued reports of good trading in



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many industries, the growing rise in commodity prices, the non-appearance of the feared drop in building activity, and the recent expansion of the credit base by the Bank's purchases of gold. Less solid justification for the bidding up of prices is provided by anticipations that the Spanish troubles will be localised, by the appointment of the new German Ambassador, and by the apparently irrepressible hope that after all the franc has seen the worst of its troubles.

Gilt-edged securities were particularly firm in mid-week, with an improvement (the first) in Funding 2½ per cent., Old Consols, and 2½ per cent. Conversion. Australians were prominent among Dominion issues, while India stocks have been neglected. There was a good investment demand for Home Corporation issues and prices rose in many instances. Foreign bonds were inclined to be weak at the opening of the new account, but operators were willingly soothed by the course of events in Spain, and by the appointment of Herr von Ribbentrop to London, and prices hardened later although business was small. German and Spanish bonds improved, and even French railway bonds recovered from their depression. Japanese issues were supported on the feelers put out in the Japanese press for Anglo-Japanese co-operation.

Home rails improved steadily at the beginning of the week on last week's good traffic, and in the hope that the N.U.R. would accept the wages award made by the Tribunal. The award was duly accepted, but a bout of profit-taking, and the influence of less satisfactory traffic, left the markets lower in mid-week. Argentine rails benefited from rising wheat prices, but suffered slightly from the antagonistic attitude shown in the Senate debate on the Transport Co-ordination Bills. Cordoba debentures improved on the renewed reports of negotiations for purchase of the line by the Argentine Government.

In the industrial share markets a further general advance in quotations has put numerous shares at new high levels, and the volume of business has been increasing. The iron and steel section attracted new support on the rising output figures, and T. W. Ward were prominent on hopes of increased earnings. B.S.A. rose in anticipation of the reorganisation scheme. Coal shares were firmer in hope of an early settlement of the Welsh labour troubles. Aviation shares have been relatively quiet, but the motor section has been active, with Leylands prominent on reports of orders obtained, and on the generally improved demand for commercial vehicles. Electric equipment issues were again one of the brightest sections of the market, and Associated Electrical Industries gained further ground on the meeting. Electricity Supply shares improved on the steadily rising electricity output.

In the textile section most prices have regained the ground lost last week, and the tone is generally firm. O.K. Bazaars were prominent in the Stores group, where the tone was firm, on dividend hopes. Breweries continued to receive support from the provinces, and the record cigarette consumption figures stimulated a good demand for tobaccos, where Imperial Tobacco reached a new high record. Business in the miscellaneous industrials section has been equally cheerful, and in spite of some profit-taking many prices have risen. Triplex Glass broke into new high ground on the bonus declaration, which was more than had been anticipated, and building material issues, particularly cement shares, were strong, together with along many miscellaneous engineering shares.

The oil shares market opened the new account quietly, but activity increased later in the week on the acquisition of control of Mosul Oil Fields by the Iraq Petroleum Company, on the settlement of the strike on the Mexican Eagle field, and on a reduction in stocks in the United States. There was a good continental demand for Royal Dutch and Shell Bearer, and in mid-week Apex was prominent among Trinidad

(Continued on page 322)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935				Prices, Year 1936				Name of Security	Price, Aug. 4, 1936	Price, Aug. 12, 1936	Rise or Fall	Yield, Aug. 12, 1936	Prices, Year 1936		Name of Security	Price, Aug. 4, 1936	Price, Aug. 12, 1936	Rise or Fall	Yield, Aug. 12, 1936
High	Low	High	Low	High	Low	High	Low												

(Continued from page 319)

issues. The rubber shares market was as dull as usual most of the week, but showed signs of a slight revival of interest as the commodity price improved. Interest in the tea shares market was negligible and prices tended to sag.

The Kaffir market has not been very active, but prices have been firm, with some improvements in the finance descriptions, and a fair demand has come from the Cape. Far Western issues were supported, but Western Reefs were depressed by the new capital proposals. Signs of an increased interest in West Africans were evident, although the improvement has not gone very far as yet. Rhodesian copper issues have been active, in spite of a fall in the commodity price, and most shares reached higher levels. Tin issues improved in mid-week as confidence increased in a successful renewal of the restriction scheme in spite of Siam's obstructionism.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Aug. 7	Aug. 6	Aug. 7	Aug. 10	Aug. 11	Aug. 12	Aug. 13
Govt. and Municipal	4,509	1,056	1,180	1,403	851	986	939
Transport, etc.	4,297	1,084	1,187	1,172	970	1,129	938
Comm. and Ind.	17,299	4,356	5,049	4,827	4,513	5,025	4,807
Banks and Ins.	2,259	576	571	559	533	541	507
Mines	4,068	956	1,082	1,039	935	977	1,000
Oils	989	223	263	197	223	210	263
Rubber and Tea	1,165	268	285	318	266	256	238
Total	34,584	8,517	9,817	9,515	8,291	9,124	8,692
Corres. day 1935	...	8,089	8,230	8,727	8,783	8,092	7,467

* Including Steels and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY SHARES. (July 1, 1935 = 100)

Highest†	Lowest‡	Aug. 6	Aug. 7	Aug. 10	Aug. 11	Aug. 12	Aug. 13
116.6	107.4	114.6	114.9	115.3	115.7	116.2	116.6

† Aug. 13. ‡ January 2.

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest†	Lowest‡	Aug. 6	Aug. 7	Aug. 10	Aug. 11	Aug. 12	Aug. 13
138.4	136.2	137.7	137.6	137.6	137.6	137.6	137.7

† February 10. ‡ June 26.

AMERICAN STOCK EXCHANGES

NEW YORK

DURING the first half of this week Wall Street has been consolidating the substantial gains which were registered at the end of the previous week under the stimulus of the continuing excellence of business reports. The reaction of this week was slight, the turnover shrank as switching operations levelled up prices, and in mid-week the advance in prices was resumed under professional support. Mr. Sloan's gloomy anticipations, and expression of the lack of confidence felt by General Motors, played a small part in the irregularity of the early days of this week, but his opinions are not generally shared, and do not seem likely to be infectious. The estimate of *Iron Age* that steel mill activity this week is 71 per cent. of capacity, compared with 72 per cent. last week, and their forecast of very promising conditions in the autumn, encouraged strength in the steel group in mid-week. Railroad securities moved up, and Allied Chemical jumped 11 points. The principal laggard was the Utility section, which is once again showing nervousness over the President's zeal for control of the Power Trust. For the moment, the effects of the drought, and the purport of labour troubles, seem to be ignored. Business reports continue their past trend. Electricity output for the week ended August 8th was 14.3 per cent. up on the corresponding week of last year; automobile output is decreasing as the works shut down for change-over of models, but it is anticipated that next season's production will be very high. Freight car load-

ings are increasing, against the usual seasonal downward trend. The price of scrap steel is rising sharply.

	Aug. 5, 1936 (Close)	Aug. 12, 1936 (Close)	Aug. 13, 1936 (Latest)	Aug. 5, 1936 (Close)	Aug. 12, 1936 (Close)	Aug. 13, 1936 (Latest)
1. Rails & Transport						
Atchafalaya	83½	86½	87½	52½	56½	58½
Balt. and Ohio	20½	22½	22½	116½	119½	119½
B.M.T.	51½	52½	52½	38½	38½	38½
Can. Pacific	12½	12½	12½	67½	67½	67½
Ches. and Ohio	66½	67½	67½	17½	18½	18½
Ches. and Ohio Pk.	41½	42½	42½	16½	15½	15½
Illinois Central	23½	26½	26½	10½	10½	10½
N.Y. Central	39½	43½	42½	29½	29½	29½
Nor. Pac.	26½	27½	27½	30½	29½	29½
Pennsylvania R.R.	38½	38½	38½	72½	74½	74½
Southern Pac.	39½	43½	42½	26½	26½	26½
Southern Rly.	20½	22½	22½	78½	78½	78½
Union Pac.	140½	148½	149½	228½	243½	241½
Greyhound Corp.	58½	60½	60½	127½	133½	132½
4. Manufacturing						
Briggs	52½	56½	56½	15½	16½	16½
Chrysler	116½	119½	119½	16½	16½	16½
Electric Autolite	38½	38½	38½	10½	10½	10½
General Motors	67½	67½	67½	29½	29½	29½
Hudson Motor Car	17½	18½	18½	74½	74½	74½
Murray Corp.	16½	15½	15½	16½	16½	16½
Nash Motors	16½	15½	15½	29½	29½	29½
Packard Motor Car	10½	10½	10½	16½	16½	16½
Bendix Aviation	29½	29½	29½	74½	74½	74½
Boeing Airplane	30½	29½	29½	16½	16½	16½
Douglas Aircraft	72½	74½	74½	16½	16½	16½
United Aircraft	26½	26½	26½	16½	16½	16½
Air Reduction	78½	78½	78½	16½	16½	16½
Allied Chemical	228½	243½	241½	16½	16½	16½
Col. Carbon	127½	133½	132½	16½	16½	16½
Comm. Solvents	15½	16½	16½	16½	16½	16½
Dupont	165½	163½	163½	16½	16½	16½
Union Carbide	95½	99½	99½	16½	16½	16½
U.S. Ind. Alcohol	34½	36½	36½	16½	16½	16½
Allis Chalmers	53½	58½	58½	16½	16½	16½
General Electric	47½	47½	47½	16½	16½	16½
Westinghouse	144½	144½	144½	16½	16½	16½
American Can.	125½	122½	122½	16½	16½	16½
Addressograph	24½	26½	26½	16½	16½	16½
Caterpillar	75½	76½	76½	16½	16½	16½
Cont. Can.	70½	70½	70½	16½	16½	16½
Ingersoll Rand	134½	134½	134½	16½	16½	16½
Intl. Harvester	82½	83½	82½	16½	16½	16½
Johns Manville	117½	119½	118½	16½	16½	16½
Am. Radiator	22½	23½	23½	16½	16½	16½
Corn Products	68½	68½	68½	16½	16½	16½
J. I. Case and Co.	169½	169½	169½	16½	16½	16½
Glidden	41½	42½	42½	16½	16½	16½
Gen. Am. Transp.	54½	54½	54½	16½	16½	16½
Allied Mills	24½	24½	24½	16½	16½	16½
Celanese of America	24½	26½	26½	16½	16½	16½
Ind. Rayon New	29½	30½	30½	16½	16½	16½
Colgate Palmolive	14½	14½	14½	16½	16½	16½
Eastman Kodak	179½	183½	183½	16½	16½	16½
Gillette	14½	14½	14½	16½	16½	16½
Kelvinator	20½	21½	21½	16½	16½	16½
Lambert Co.	17½	17½	17½	16½	16½	16½
Loews	53½	57½	58½	16½	16½	16½
20th Century Fox	27½	27½	27½	16½	16½	16½
5. Retail Trade and Food						
Montgomery Ward	46½	46½	46½	16½	16½	16½
J. C. Penney Co.	89½	91½	91½	16½	16½	16½
Sears Roebuck	81½	85½	85½	16½	16½	16½
United Drug	13½	14½	14½	16½	16½	16½
Walgreen	33½	33½	33½	16½	16½	16½
Woolworth	52½	54½	55½	16½	16½	16½
Borden	31½	32½	31½	16½	16½	16½
Gen. Food	38½	38½	38½	16½	16½	16½
Kroger Grocery	21½	20½	20½	16½	16½	16½
Nat. Biscuit	32½	33½	32½	16½	16½	16½
Nat. Dairy	26½	27½	27½	16½	16½	16½
Standard Brands	16½	15½	15½	16½	16½	16½
Am. Tobacco B.	103½	102½	102½	16½	16½	16½
Liggett Myers B.	108½	108½	108½	16½	16½	16½
Lorillard	23½	23½	23½	16½	16½	16½
Reynolds Tob. B.	55½	55½	55½	16½	16½	16½
National Distillers	27½	28½	29½	16½	16½	16½
Schenley Distillers	38½	42½	43½	16½	16½	16½
6. Finance						
Commercial Credit	73½	72½	72½	16½	16½	16½
Atlas Corp.	13½	15½	14½	16½	16½	16½
Com. Invest. Trust	78½	77½	77½	16½	16½	16½

By courtesy of the Standard Statistics Company, Inc., of New York, we print the adjoining index figures of American values calculated on closing prices (1926=100):

	1935		1936		Be-ginning of Year 1936	July 29, 1936	Aug. 5, 1936	Aug. 12, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Aug. 12				
351 Industrials	74.5(9)	112.3	112.7	130.3	112.8	128.9	127.9	130.3
33 Rails	52.4	43.0(m)	42.8	55.4	41.5	53.7	53.4	55.4
37 Utilities	52.2	93.6	91.2	110.2	93.6	109.8	109.4	110.2
Total, 421 Stocks	63.1	97.7	97.7	114.7	97.7	113.3	112.6	114.7
Average yield*	3.02%	4.06%	3.60%	2.95%	3.22%	3.26%	3.30%	3.22%

* 50 Industrial Common Stocks. (a) March 13th. (b) April 29th. (c) April 29th. (d) April 8th. (e) November 13th. (f) December 4th.

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

Highest*	Lowest†	Aug. 5	Aug. 6	Aug. 7	Aug. 8	Aug. 10	Aug. 11	Aug. 12
152.2	126.2	147.8	148.7	150.9	152.2	151.9	150.9	151.6

* August 8th. † January 6

TOTAL DEALINGS IN NEW YORK

	Aug. 6	Aug. 7	Aug. 8*	Aug. 10	Aug. 11	Aug. 12
Stock Exchange—Shares (No. Thous.)	1,170	1,670	870	1,330	1,100	1,280
Bonds (Thous. \$)...	11,330	13,120	6,560	9,810	10,860	9,960
Curb—Shares (Thous.)	283	344	175	298	257	269

* Two-Hour Session.

CAPITAL ISSUES

ONE industrial issue has defied the August tradition this week, for *John Groves and Sons* have offered 5 per cent. £1 preference and £1 ordinary shares, commendably at par. The company carries on a "family" brewing business established in Weymouth in 1840. The consideration, which is payable in cash, is less than the valuation of the net assets—a rather unusual feature in recent weeks. In view of the relatively wide profits fluctuations during the past four years—earnings have increased by 50 per cent.—the shares are a fair, though not "gilt-edged," brewery investment. Market "introductions" have been limited to the securities of *Worthington-Simpson* and *Olds Discount Company*.

ISSUES OF THE WEEK

January 1 to August 8, 1936, including conversions, Old Basis, £297,477,998.
January 1 to August 8, 1936, excluding conversions, Old Basis, £120,093,911.
January 1 to August 8, 1936, including conversions, New Basis, £311,797,553.
January 1 to August 8, 1936, excluding conversions, New Basis, £218,053,490.

National Savings Certificates, Net receipts week ended August 8, 1936, nil.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	350,000	...	350,000
To Shareholders only	1,228,994	...	1,228,994
By Stock Exchange Introduction	2,734,974	448,914	2,477,321
By Permission to Deal	525,215	...	1,043,080
Total Capital raised—			
Including Conversions	317,345,862	223,152,885	...
Excluding Conversions	299,058,992	211,672,905	...
1936 (New Basis)	332,507,421	211,393,259	...
1935 (Old Basis)	249,734,748	124,751,675	...
1936 (New Basis)	290,309,794	115,787,056	...
1935 (Old Basis)	228,179,605	133,756,640	...
1936 (New Basis)	280,698,712	190,577,481	...

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

Nature of Borrowing (Excluding Conversions)

	Debtentures	Preference	Ordinary	Total
1936 (New Basis)	77,801,629	28,790,636	116,560,620	223,152,885
1936 (Old Basis)	62,552,798	14,487,182	44,632,825	121,672,805
1935 (New Basis)	92,588,980	39,771,229	79,033,050	211,393,259
1935 (Old Basis)	72,866,808	25,568,417	26,316,450	124,751,675
1936 (New Basis)	212,917,900	45,062,600	111,177,600	369,158,100
1935 (Old Basis)	222,064,300	12,783,700	9,982,500	244,830,500
1936 (New Basis)	102,769,300	21,461,000	44,878,400	169,108,700
1935 (Old Basis)	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in thirty-two weeks ended August 10, 1935.

PUBLIC OFFER

Groves (John) and Sons.—Issue of 200,000 5 per cent. cumulative £1 preference and 150,000 £1 ordinary shares at par. Acquires Weymouth brewing business and its subsidiary. Net assets, £713,328, purchased for £690,000 cash. Profits, before depreciation and debenture interest: 1933, £32,433; 1934, £39,915; 1935, £45,341.

BY STOCK EXCHANGE INTRODUCTION

Olds Discount Company, Ltd.—Issued capital, 65,000 7 per cent. cumulative £1 preference shares; 640,000 10s. ordinary shares. Hire purchase finance business incorporated 1926. Profits, after bank and other interest: 1933, £7,160; 1934, £8,544; 1935, £13,084. Total assets, £191,857 of which debtors (net) £181,973. Bank loan, £64,683.

Worthington-Simpson.—Issued capital, £98,768 6 per cent. cumulative £1 preference shares; 640,000 10s. ordinary shares; £98,750 4½ per cent. mortgage debentures, secured by first charge, redeemable 1948 at par, or earlier at 102 on three months' notice. Manufacturing engineers; net assets, £410,498. Profits, after depreciation, before debenture interest: 1933, £12,166; 1934, £18,804; 1935, £35,966; six months to June 30, 1936, £23,300. Has benefit of agreements with Worthington Pump and Machinery Corp. (U.S.A.), who sell 480,000 10s. ordinary shares to Cazenove Akroyds and Greenwood at 10s. 6d.

The Fyde Water Board.—Particulars of issue of £250,000 3 per cent. stock, 1951. Stock sold to Grieveson, Grant and Company at £98 15s. per cent. net. Secured upon the revenues of the Board and ranks *pari passu*. Proceeds for conversion of short-term loans.

COMPANY MEETINGS, &c.

WATNEY COMBE REID AND COMPANY, LIMITED

SATISFACTORY RESULTS

The annual general meeting of this company was held, on the 10th instant, at the Windsor Castle Restaurant, London, Colonel O. P. Serocold, C.M.G., chairman of the company, presiding.

The secretary (Mr H. S. King) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said: The upward tendency of trade to which I referred last year has, I am glad to say, been maintained, and, although the improvement is slow, I believe it does definitely reflect the improved purchasing power of the people generally; but we cannot rely solely upon this extra purchasing power of our customers. We have to keep pace as well as we can with the demand for better houses.

With regard to the important matter of the rebuilding and reconditioning of public-houses, it is very difficult to put a definite limit on our expenditure, especially as circumstances beyond our control involving further outlays for this purpose are constantly arising.

Then there are public improvements on a scale hitherto undreamt of, with all the schemes for slum clearance, abolition of overcrowding, and street widenings. These factors combined impose upon us a formidable programme, and it is indeed fortunate that the finances of our company enable us to meet the bill.

I wish to make it plain to the shareholders that these conditions are not ephemeral; we have to face the fact that as years go on licensed houses must be rebuilt, even though the surrounding neighbourhoods have not altered very much. As I have told the shareholders in previous years, all this money can be found only in two ways: Firstly, out of revenue year by year; or, secondly, by raising fresh capital. Without hesitation we prefer that the means should be provided out of revenue.

The subject of malting barley continues to be one which calls for the close attention of the brewing trade. Twelve months ago the position was that the application which had been made some time before by the National Farmers' Union for an increased import duty on malting barley was still under the consideration of the Import Duties Advisory Committee, who had before them the considered objections of the brewers to such a proposal. It will be remembered that when the beer duty was reduced by the equivalent of a penny a pint in April, 1933, the Brewers' Society gave an undertaking to the Chancellor of the Exchequer that in order to give the maximum assistance to British agriculture the society would recommend all brewers to increase as far as possible the proportion of home-grown barley in the brewing of all classes of beer.

That undertaking has been constantly in the minds of brewers ever since, and there is not the slightest doubt that brewers all over the country have faithfully carried it out. That is proved by figures, covering practically the whole brewing trade, which were collected for two years at the request of the Chancellor of the Exchequer, and for the third year at the request of the Import Duties Advisory Committee.

In May last the Import Duties Advisory Committee announced their decision that as the Brewers' Society had expressed the intention of its members collectively to make every effort to purchase in each year ending in June a minimum quantity of home-grown barley amounting to 7,500,000 cwt.—provided there was a sufficiency of home-grown malting barley—and to increase their purchases *pari passu* with any increase in the production of beer as officially recorded in standard barrelage, the Committee will regard the application for an increased duty on malting barley as in suspense. I believe the country are behind the Advisory Committee in its decision.

I have already mentioned that the upward trade tendency has been maintained, and you will notice that our profit on trading account is £69,736 larger than last year. There is a sum of £1,114,291 5s. 5d. with which we have to deal. Your directors recommend that this balance should be applied as follows: To property improvement and contingency reserve, £350,000; final dividend of 2 per cent. on the preferred ordinary stock, £63,708; final dividend of 9 per cent. and a bonus dividend of 3 per cent., making, with the interim dividend paid in February last, 18 per cent. for the year, on the deferred ordinary stock, which will require £382,249. This absorbs £795,957, leaving an amount of £318,330 17s. 5d. to be carried forward.

The report and accounts were unanimously adopted.

ASSOCIATED BRITISH PICTURE CORPORATION, LIMITED

PROPOSED SHARE ISSUE

The annual general meeting of this company was held, on the 13th instant, at Winchester House, London.

Mr John Maxwell (the Chairman) said that he thought it would be agreed that the figures of the profit and loss account were highly satisfactory. The trading profit at £926,482 showed an increase of almost £270,000 over last year's figure, mainly accounted for by the very good results produced by the company's cinemas. To some extent that represented an improvement in trading conditions throughout the country; it was probably true also that the general standard of screen entertainment had improved and that the public were resorting in greater numbers to the cinema.

The available balance was £570,269, and in proposing that the dividend should be at the rate of 7½ per cent. actual, less tax, making 12½ per cent. for the year, the directors felt that they were continuing along the conservative lines of past years, at the same time providing a satisfactory return to shareholders and building up still further a strong and healthy position in regard to reserves. The improvement in the liquid position of the undertaking was reflected by an increase from £180,000 to £648,000 in the surplus of liquid assets.

The outlook in the cinema department of the business was satisfactory, and the returns they had received for the first four months of the current year showed a considerable improvement even over the very satisfactory figures of the year under review. He therefore looked forward with extreme confidence to their being able to submit to the shareholders at the annual meeting next year an even better picture than they had been able to give on the present occasion.

With regard to the matter of the 1,800,000 shares which at present remained unissued, the directors had given a good deal of thought to the position in general and had now decided that the present time would be appropriate for the issue of those shares. They propose, therefore, to offer them at an early date to the existing ordinary shareholders for subscription on bonus terms.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended August 8, 1936, amounted to £12,061,000, against ordinary expenditure of £11,528,000. After allowing for an increase in Exchequer Balances of £192,552, the operations for the week, as shown below, decreased the gross National Debt by £115,000 to approximately £7,993 millions.*

(000's omitted)		
Treasury Bills	+ 2,864	Public Department Advances... - 2,960
Land Settlement (Fac.)	+ 11	
	+ 2,875	- 2,949

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

FOR BANKING
IN FINLAND

KANSALLIS - OSAKE - PANKKI

ESTABLISHED 1889

Head Office: HELSINGFORS

OUR NETWORK OF BRANCHES
BY FAR THE LARGEST IN
FINLAND, COMPRISING

189 BRANCHES

ENSURES PROMPT AND EFFICIENT
EXECUTION OF YOUR

COLLECTIONS AND PAYMENT ORDER

A complete analysis of the approximate position of the National Debt at June 30, 1936, appeared in the *Economist* of July 4, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer from			
		April 1, 1935, to August 10, 1935	April 1, 1935, to August 8, 1936	Week ended August 10, 1935	Week ended August 8, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	36,984,000	31,374,000	3,573,000	3,281,000
Sur-tax	56,500,000	5,070,000	5,100,000	140,000	120,000
Estate, etc., Duties	89,000,000	32,870,000	30,480,000	1,240,000	1,070,000
Stamps	27,000,000	5,730,000	6,230,000	380,000	480,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	120,000	110,000	...	...
Total Inland Revenue	433,000,000	80,774,000	73,294,000	5,333,000	4,951,000
Customs and Excise—					
Customs	207,525,000	70,415,000	72,734,000	3,683,000	3,713,000
Excise	110,000,000	35,100,000	34,800,000	795,000	780,000
Total Customs and Excise	317,525,000	105,515,000	107,534,000	4,478,000	4,493,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,597,000	2,871,000	648,000	1,329,000
Post Office (Net Receipts)	11,258,000	8,150,000	6,900,000	700,000	...
Crown Lands	1,850,000	510,000	520,000	...	...
Receipts from Sundry Loans	5,000,000	2,728,899	2,670,505	...	639,486
Miscellaneous Receipts	25,250,000	4,705,515	2,744,675	183,170	648,105
Total Ordinary Revenue	798,381,000	203,978,354	196,534,180	11,340,170	12,060,591
SELF-BALANCING REVENUE					
Post Office	69,344,000	19,550,000	21,000,000	850,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	5,880,000	4,990,000	900,000	200,000
Total Self-balancing Revenue	95,844,000	25,430,000	25,990,000	1,750,000	1,200,000
Total	...	229,408,354	222,524,180	13,090,170	13,260,591

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments from			
		April 1, 1935, to Aug. 10, 1935	April 1, 1935, to Aug. 8, 1936	Week ended Aug. 10, 1935	Week ended Aug. 8, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	94,365,699	93,606,741	470,093	1,515,837
Payments to Northern Ireland	7,500,000	1,843,143	2,174,378	230,393	248,465
Other Consolidated Fund Services	3,200,000	1,179,426	949,829	130	...
Post Office Fund	600,000	...	...	...	...
Total	235,300,000	97,388,268	96,730,948	700,616	1,764,302
Total Supply Services (excluding Post Office)	570,969,000	168,697,800	181,144,100	7,438,000	9,764,000
Total Ordinary Expenditure	806,269,000	266,086,068	277,875,048	8,138,616	11,528,302
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	19,550,000	21,000,000	850,000	1,000,000
Road Fund	26,500,000	5,880,000	4,990,000	900,000	200,000
Total Self-Balancing Expenditure	95,844,000	25,430,000	25,990,000	1,750,000	1,200,000
Total	...	291,516,068	303,865,048	9,888,616	12,728,302

† Estimated Expenditure as per Financial Statement (H.C. 77) 797,897,000
Add: Supplementary Estimates

Less: Provision made in the Budget

The aggregate revenue from April 1 to August 8, 1936, is shown below:—

(000's omitted)			
Expenditure	£	Revenue	£
Increase in balances	277,875	Gross borrowing ...	196,534
	60		£83,731
		Less	
		New Sinking Fund*.....	2,330
		Net borrowing	81,401
	277,935		277,935

* Annual

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1936 by borrowing.

POSITION OF THE FLOATING DEBT

	Aug. 10, '35	Mar. 31, '36	Aug. 8, '36	Aug. 8, '36
Ways and Means Advances Outstanding	£	£	£	£
Advances by Bank of England	15,350,000	19,055,000	31,130,000	2,990,000
Advances by Public Departments	895,025,000	783,115,000	808,365,000*	2,865,000
Treasury Bills outstanding	...	...	...	...
Total Floating Debt	910,375,000	782,170,000	839,495,000	125,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on August 7, 1936. The amount applied for was £70,965,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 4d., about 63 per cent. and above in full;

Saturday, at £99 17s. 5d., and above in full. The average rate per cent. was 10s. 6.04d. The amount allotted was £45,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	76,260,000	30,000,000	0 18 11.5
July 6, 1934	35,000,000	62,745,000	32,000,000	0 16 4.14
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1.64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4.32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
April 3, 1936	40,000,000	75,280,000	40,000,000	0 10 2.78
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
July 31, 1936	45,000,000	68,995,000	45,000,000	0 10 6.35
August 7, 1936	45,000,000	70,965,000	45,000,000	0 10 6.04

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended July 18, 1936	675,060	506,295
Week ended July 25, 1936	617,666	463,250
February, 1916, to July 18, 1936	1,266,340,566	996,193,263

At the end of June, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,805,272.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, August 12, 1936

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	450,284,889	Other Government Securities	246,314,524
In Banking Department	52,675,538	Other Securities	2,137,347
		Silver Coin	533,029
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	242,960,427
			502,960,427

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Reserves	14,553,000	Other Securities:—	89,613,310
Public Deposits*	3,627,191	Discounts and Advances	2,137,347
Bankers' Deposits	17,418,402	Securities	£19,280,476
Other Accounts	697,989,881	Notes	28,229,330
	637,980,525	Gold and Silver Coin	1,050,821
	135,970,406		171,568,999
			171,568,999

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

Both Departments	Amount, Aug. 12, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	450,284,889	— 4,121,508	+ 44,739,092
Public deposits	17,418,402	— 187,422	+ 700,568
Bankers' deposits	97,989,881	+ 5,322,276	+ 11,714,994
Other deposits	37,980,525	+ 537,794	+ 959,831
Total outside liabilities	603,673,697	+ 475,552	+ 58,114,485
Capital and rest	18,180,191	+ 20,294	— 208
Government debt and securities	346,942,934	— 66,542	+ 6,963,444
Discounts and advances	8,938,854	+ 779	+ 6,231,836
Other securities	21,627,823	+ 605,456	+ 7,747,392
Silver coin in issue department	533,029	+ 50,437	+ 1,005,854
Coin and bullion (bank's reserves)	244,011,248	+ 7,220	+ 50,641,131
Reserves of notes and coin in banking department	53,726,359	+ 4,128,728	+ 5,902,039
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	35.0%	+1.7%	+1.0%
(b) Gold stocks to deposits and notes ("reserve ratio")	40.4%	—0.1%	+5.0%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936							
July 22	495,767	443,595	19,535	98,213	38,468	4,773 in	2 1/2
July 29	499,941	448,571	42,292	75,223	39,371	4,174 in	2
Aug. 5	502,960	454,406	17,606	92,668	38,518	3,019 in	2
" 12	502,960	450,285	17,418	97,990	37,981	Nil	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"	Bank Rate
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities			
1936									
July 22	£258,752	£47	236,726	95,773	6,461	19,358	53,131	33 1/2	2 1/2
July 29	258,062	1,308	240,948	96,408	7,138	19,086	52,577	33 1/2	2
Aug. 5	257,066	2,350	244,004	99,943	8,938	18,471	49,598	33 1/2	2
" 12	257,330	2,137	244,011	99,613	8,939	19,290	53,726	35 1/2	2

PROVINCIAL
(000's omitted).

(000's omitted)

* Restricted area from April 1, 1935.

NOTE.—The latest return of the Bank of Italy appeared in the *Economist* for November 9. Estonia, in July 11. Roumania, in July 18. Turkey, in July 25. Egypt, South Africa, in August 1. International Settlements and Poland, in August 8.

U.S.F.R. BANKS RESOURCES	Aug. 14, 1935	July 23, 1936	July 30, 1936	Aug. 6, 1936	Aug. 13, 1936
Gold Certificates on hand and due from the Treasury	6,365,770	8,185,320	8,185,530	8,211,050	8,225,040
Total reserves.....	6,624,280	8,490,950	8,500,280	8,513,440	8,528,740
Total cash reserves.....	236,990	283,940	303,080	288,630	289,880
Total bills discounted.....	6,150	3,390	3,670	3,660	3,660
Bills bought in open market	4,630	3,090	3,090	3,090	3,090
Total bills on hand.....	10,840	6,480	6,760	7,050	10,950
Industrial advances.....	29,150	29,570	29,580	28,890	28,780
Total U. S. Govt. securities.....	2,430,200	2,430,230	2,466,750	2,430,230	2,430,230
Total bills and securities.....	2,470,200	2,466,460	2,466,620	2,466,350	2,470,150
Total resources.....	9,739,790	11,669,410	11,637,780	11,642,370	11,712,840

	Aug. 15, 1935	July 23, 1936	July 30, 1936	Aug. 6, 1936	Aug. 1, 1936
Total gold reserves	2,725,950	3,237,920	3,297,590	3,344,010	3,298,450
Bills discounted	1,810	2,500	2,730	3,040	2,650
Bills bought in open market	3,120	1,110	1,110	1,100	1,100
Total U. S. Govt. securities	739,320	660,580	660,580	660,580	660,580
Total bills and securities	751,380	671,460	671,820	671,800	675,410
Deposits — Member-bank — reserve account	2,498,030	2,640,740	2,721,020	2,776,780	2,762,560
Ratio total res. to dep. and Federal Res. note liabilities combined	80-1%	84-3%	84-5%	84-8%	85-4%

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

† Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

	Aug. 5, 1935	July 6, 1936	July 13, 1936	July 20, 1936	July 27, 1936	Aug. 3, 1936
ASSETS						
Gold and English sterling	15,994	15,999	16,004	16,004	16,004	16,004
Other coin, bullion and cash	6,473	6,171	6,594	6,538	6,996	6,996
Money at short call—London	17,223	18,790	17,935	18,036	18,923	18,923
U.S. Government bonds				3,217	3,223	3,540
Securities	70,846	75,413	75,335	75,335	75,335	75,240
Discounts and advances	7,145	8,435	8,402	8,522	8,529	8,730
LIABILITIES						
Notes issued	47,044	47,038	47,038	47,038	47,038	47,038
Reserve premiums on gold	3,896	7,753	7,753	7,753	7,753	7,753
Deposits	68,269	65,995	66,166	66,541	66,881	67,006

	Aug. 5, 1935	July 13, 1936	July 20, 1936	July 27, 1936	Aug. 3, 1936
ASSETS					
Gold	2,801	2,801	2,801	2,801	2,801
Sterling exchange	21,953	22,122	22,127	22,129	19,483
Subsidiary coin	130	199	191	190	191
Investments	2,094	2,035	2,035		2,041
LIABILITIES					
Bank notes	8,799	10,116	10,065	10,177	10,779
Demand liabilities—					
Government	11,523	8,956	8,876	9,128	6,271
Other	4,227	6,759	6,894	6,521	6,139
Ratio of reserves to sight liabilities	97.2%	96.5%	96.5%	96.5%	96.1%

	Aug. 7, 1935	July 22, 1936	July 29, 1936	Aug. 5, 1936
ASSETS				
Reserve, of which—	191,335	192,839	192,141	194,368
Gold coin and bullion	179,907	179,763	179,524	179,418
Dominion Government securities	96,439	112,189	112,157	112,818
LIABILITIES				
Note circulation	79,986	100,113	99,508	101,205
Deposits:—				
Dominion Government	26,831	17,454	16,271	21,011
Chartered banks	185,955	185,212	186,715	188,543
Ratio of reserves to notes and deposit liabilities	65.4%	63.6%	63.4%	62.3%

	Aug. 2, 1955	July 17, 1956	July 24, 1956	July 31, 1956
ASSETS				
Gold coin and bullion.....	44,43,17	44,42,17	44,42,17	44,42,17
Rupee coin.....	54,91,62	65,12,05	65,82,34	66,55,22
Storing coin.....	11,09,75	2,75,97	2,96,89	3,13,87
Balance abroad.....	65,19,27	67,31,71	67,31,71	67,31,71
Indian Government rupee securities*	26,49,10	23,40,26	23,40,26	23,40,26
Investments.....	5,98,14	5,93,45	5,90,03	5,79,66
LIABILITIES				
Note circulation.....	1,56,28,96	1,63,87,09	1,61,66,15	1,60,62,54
Deposits :—				
Government.....	11,22,00	6,60,01	7,03,24	6,68,86
Other.....	28,75,64	33,11,17	34,57,80	32,50,04
Ratio of gold and sterling to liabilities	57.4%	55.8%	55.6%	55.4%

* Held against notes.

	Aug. 9, 1895	July 17, 1896	July 24, 1896	July 31, 1896	Aug. 7, 1896
Assets					
Gold	71,582,692	54,686,583	54,831,948	54,941,707	55,689,65
Advances on Gold Coin	1,206,106	1,276,826	1,276,826	1,276,801	1,274,211
Commercial Bills	6,823,437	6,324,148	6,674,330	6,052,373	6,292,474
Treasury Bills		10,994,398	9,058,823	8,501,205	7,691,207
Bills bought abroad.....	1,007,948	1,257,755	1,244,856	1,241,945	1,236,949
Advances on foreign bills.....	3,899,097	4,652,950	4,368,936	5,015,906	4,763,107
Loans to State without interest—					
(a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(b) provisional	—	4,439,025	5,274,600	5,742,218	6,642,221
Negotiable Bonds, Sinking Fund Debt	5,800,402	5,707,787	5,707,587	5,707,587	5,998,818
Other assets (excluding forward exch.)	3,840,674	3,640,724	3,706,977	4,238,577	3,911,574
LIABILITIES					
Notes in circulation.....	81,489,507	85,280,307	84,543,739	85,892,335	84,907,07
Public deposits.....	3,267,647	1,455,852	1,941,055	1,594,494	1,817,879
Private deposits.....	10,223,378	6,186,998	6,233,556	6,151,002	6,245,27
Other liabilities	2,378,424	2,656,870	2,626,530	2,370,579	2,671,55
Ratio of gold reserve to sight liabilities.....	75-2%	58-8%	59-1%	58-6%	59-1%

	Aug. 7, 1935	July 23, 1936	July 31, 1936	Aug. 1936
ASSETS				
Gold	104,636	73,952	71,925	72,000
Of which deposited abroad	30,136	24,524	24,524	24,524
Reserve in foreign currencies	5,296	5,232	5,353	5,142
Bills of exchange and cheques	3,646,170	4,194,413	4,712,933	4,514,424
Silver and other coin	183,480	229,481	137,456	155,676
Advances	38,469	46,400	66,750	45,760
Investments	661,560	529,990	533,408	529,330
Other assets	670,900	578,785	573,248	526,880
LIABILITIES				
Reserves	471,184	473,561	473,561	473,561
Notes in circulation	3,740,266	4,033,540	4,470,883	4,309,000
Other daily maturing obligations	730	793,147	787,246	708,000
Other liabilities	227,206	203,029	214,283	214,000
Cover of note circulation	2-27%	1-92%	1-72%	1-84%

	Aug. 8, 1935	July 9, 1936	July 16, 1936	July 23, 1936	July 30, 1936	Aug. 13, 1936
ASSETS						
Gold	3,516,688	3,743,990	3,743,455	3,740,184	3,736,120	3,728,788
Silver and other coin	54,338	54,748	54,344	55,563	54,284	54,284
Securities	1,415,457	1,409,843	1,404,225	1,410,635	1,412,901	1,396,756
Advances	117,555	81,174	77,047	77,212	76,907	75,975
LIABILITIES						
Notes in circulation	4,138,724	4,424,956	4,419,442	4,411,355	4,462,015	4,487,177
Deposits: Govt.	41,412	18,510	9,886	15,269	32,435	13,140
Other	1,119,765	1,034,107	1,038,586	1,046,071	974,834	943,000

Assets	Aug. 12, 1935	July 13, 1936	July 20, 1936	July 27, 1936	Aug. 3, 1936	Aug. 10, 1936
Gold	589,931	623,820	629,234	642,096	651,225	658,581
Silver	23,868	20,651	21,176	21,408	20,915	21,225
Home bills discounted	42,643	40,111	37,270	35,087	29,643	28,500
Loans and advances in current account	161,397	126,446	125,409	123,824	130,578	125,250
Liabilities						
Notes in circulation	799,736	758,057	747,404	748,937	771,819	750,000
Deposits	38,542	74,810	87,207	85,321	82,325	104,000

Average Weekly Balances JULY, 1936	Barclays Bank Limited	Coutts and Co.	District Bank Limited	Glyn, Mills and Co.	Lloyds Bank Limited	Martins Bank Limited	Midland Bank Limited	National Bank Limited	National Provin- cial Bank Limited	West- minster Bank Limited	Williams Deacon's Bank Limited	Aggre- gate
ASSETS	£	£	£	£	£	£	£	£	£	£	£	£
Coin, bank notes and balances with the Bank of England	41,545	2,065	7,496	3,687	37,444	9,075	50,248	3,265	30,893	35,681	3,519	224,918
Balances with cheques in course of collection on other banks in Great Britain and Ireland ...	10,316	756	1,760	1,005	9,245 3,130	2,527 576	10,732	242	6,357	10,405	1,528	54,873 3,706
Items in transit.....	...	...	...	...	...	...	...	...	...	...	...	...
Money at call and short notice	23,850	3,425	6,648	6,004	27,834	4,974	25,775	5,385	24,832	23,524	6,163	158,414
Bills discounted	67,875	3,352	7,054	486	61,268	*5,416	93,091	1,512	45,577	61,651	1,192	348,474
Investments	110,010	8,319	28,868	11,763	103,532	36,128	118,033	15,423	87,932	106,498	12,256	638,762
Advances to customers and other accounts ...	172,559	9,083	26,906	15,045	155,815	35,564	190,834	14,980	122,183	124,964	11,922	879,855
Liabilities of customers for acceptances, endorse- ments, etc.	7,843	505	5,418	1,472	30,428	5,256	16,568	98	8,018	24,068	1,598	101,272
Bank premises account...	7,669	412	1,565	740	7,764	2,575	10,116	740	7,362	5,469	1,047	45,459
Investments in affiliated banks and subsidiary companies	7,008	...	...	...	5,085	...	7,579	...	2,514	2,993	...	25,179
	448,675	27,917	85,715	40,202	441,545	102,091	522,976	41,645	335,668	395,253	39,225	2,480,912
Ratio of cash to current, deposit and other ac- counts.....	10.02	8.13	10.08	10.00	9.68	10.13	10.45	8.68	9.96	10.12	10.07	10.02
LIABILITIES												
Capital paid up	15,858	1,000	2,976	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	77,286
Reserve fund	10,250	1,000	2,976	530	8,500	3,100	11,500	1,100	8,000	9,320	800	57,076
Current, deposit and other accounts	414,724	25,412	74,345	36,865	386,801	89,557	480,660	37,625	310,171	352,532	34,952	2,243,644
Acceptances, endorse- ments, etc.	7,843	505	5,418	1,472	30,428	5,256	16,568	98	8,018	24,068	1,598	101,272
Notes in circulation	...	...	...	...	6	18	...	1,322	...	13	...	1,359
Reduction of bank premises account	...	...	...	275	...	...	...	...	...	...	...	275
	448,675	27,917	85,715	40,202	441,545	102,091	522,976	41,645	335,668	395,253	39,225	2,480,912

* Includes £2,020,000, first-class securities maturing within six months.

	Aug. 10, 1935	July 11, 1936	July 18, 1936	July 25, 1936	Aug. 1, 1936	Aug. 8, 1936
ASSETS						
Gold and silver	111,890	107,740	107,520	107,950	108,260	108,120
Discounts, advances and other instruments	77,510	75,150	71,900	75,490	75,480	73,940
Foreign bills	2,580	2,660	2,260	2,870	2,680	2,660
Other assets	11,390	10,730	10,280	10,630	10,870	10,840
LIABILITIES						
Notes in circulation	170,710	160,870	158,440	156,090	157,590	161,410
Deposits and balances	22,330	22,330	22,330	23,100	23,310	22,130

ASSETS		Aug. 7, 1935	July 7, 1936	July 15, 1936	July 23, 1936	July 31, 1936	Aug. 7, 1936
Gold		130,923	1,413,216	1,428,314	1,431,092	1,440,587	1,450,638
Of which held abroad		165,095	180,911	1,222,206	194,814	197,560	197,560
Discounts		1,600,000	180,911	1,222,206	194,814	1,440,587	1,450,638
Bills of the Federal Reserve Bank		105,418	94,103	81,095	81,624	97,768	97,768
Advances		51,545	55,200	52,850	50,500	46,300	46,300
Securities		93,511	74,917	73,921	74,850	71,426	71,426
LIABILITIES		55,443	45,471	45,215	45,050	45,045	42,346
Notes in circulation		1,251,267	1,270,190	1,250,725	1,245,941	1,292,225	1,285,944
Deposits		313,973	346,206	369,778	373,155	383,421	418,105

	Aug. 7, 1935	July 15, 1936	July 23, 1936	July 31, 1936	Aug. 7, 1936
ASSETS					
Gold reserve	356,638	434,735	433,383	433,328	433,290
Government securities—Swedish	108,639	28,500	28,500	28,500	28,500
Foreign	46,915	75,640	73,360	73,810	73,810
Gold abroad not included in the gold reserve		76,751	76,654	76,662	76,668
Bills payable in Sweden	8,398	11,021	10,970	11,178	10,833
Bills payable abroad	423,204	216,692	216,657	216,708	211,218
Balance abroad	146,288	216,176	218,697	227,435	237,500
Advances	34,971	33,806	33,870	37,356	34,240
LIABILITIES					
Notes in circulation	661,496	726,631	705,974	779,751	750,276
Government deposits	173,503	192,394	190,877	175,437	158,363
Private deposits	313,527	309,059	328,733	285,584	335,580

	Aug. 7, 1935	July 15, 1936	July 15, 1936	July 31, 1936	Aug. 7, 1936
Assets					
Coin and bullion (gold reserve)	118,831	118,886	118,886	118,861	118,866
Balance abroad and foreign bills	24,622	71,183	77,337	82,796	81,458
Funds provisionally placed in gold, not included in the gold reserve	66,178	76,248	76,248	76,248	76,248
Norwegian and foreign governments securities	56,888	41,442	41,434	42,008	45,277
Discounts and loans	195,963	216,251	216,141	222,548	219,500
Liabilities					
Notes in circulation	326,470	373,091	374,864	382,094	378,399
Deposits at sight	946	13,623	116,392	118,452	122,399

	July 31, 1935	Mar. 31, 1936	Apr. 30, 1936	May 30, 1936	June 30, 1936	July 31, 1936
ASSETS						
Gold coin and bullion	133,102	117,681	117,974	117,969	117,682	117,681
Loans and discounts	129,668	119,844	120,477	120,003	122,213	129,008
U. S. Government bonds	128,688	78,554	75,701	74,321	70,855	64,670
Emergency Fund	137,780	136,365	134,997	134,956	134,679	132,731
Advances to Treasury	62,031	82,616	69,036	43,789	85,598	56,548
LIABILITIES						
Circulation	361,072	370,658	382,226	392,300	380,726	373,996
Deposits	105,440	79,938	60,375	59,436	84,526	69,318

ASSETS	Aug. 3, 1935	July 4, 1936	July 11, 1936	July 18, 1936	July 25, 1936	Aug. 1, 1936
Gold.....	2,269,345	2,202,307	2,202,316	2,202,300	2,202,268	2,202,296
Silver.....	702,645	661,679	657,744	656,709	656,288	649,844
Discounts.....	1,053,969	1,168,601	1,162,221	1,168,276	1,089,613	1,081,522
Loans.....	1,341,613	1,642,600	1,629,232	1,675,758	1,681,732	1,781,522
Treasury bills.....	77,415	75,980	75,980	75,980	75,980	75,980
Securities.....	36,832	41,903	45,509	46,884	46,978	47,111
LIABILITIES						
Notes in circulation.....	4,632,468	5,499,404	5,486,069	5,451,556	5,454,540	5,572,944
Deposits.....	889,551	1,141,590	1,128,094	1,145,715	1,157,022	1,169,511

ASSETS		July 31, 1935	July 7, 1936	July 15, 1936	July 23, 1936	July 31, 1936
Cash reserve						
Gold coin and bullion	242,313	242,616	242,635	242,847	242,666	242,666
Other foreign exchange	100,652	89,229	87,631	93,365	98,944	98,944
Bills discounted	232,493	220,493	220,883	218,605	219,444	219,444
Federal debt	624,444	624,444	624,444	624,444	624,444	624,444
LIABILITIES						
Notes in circulation	941,624	896,114	886,407	861,462	851,931	851,931
Deposits	249,970	279,304	286,118	317,727	323,232	323,232

	(000,000's omitted)					
	Apr. 30,	May 15,	May 31,	June 15,	June 30,	July 1,
ASSETS	1936	1936	1936	1936	1936	1936
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign exchange	111	113	121	118	106	102
Non-interest bearing Government Bonds	119	119	119	119	119	119
Treasury Bonds	400	400	400	399	399	399
LIABILITIES						
Notes	1,021	1,020	1,018	1,025	1,013	1,006
Government deposits	190	173	181	181	158	182
Bankers deposits	451	408	338	320	326	368
Certificates against Treasury Bonds	188	250	325	345	345	337
Ratio of gold and foreign exchange to note and sight liabilities	79.7%	82.9%	86.6%	88.2%	88.0%	87.4%

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

Assets	July 17, 1935	June 17, 1935	June 24, 1935	July 1, 1935	July 8, 1935	July 15, 1935
Gold	908,168	910,267	910,268	910,270	910,271	910,273
Balances abroad	439,124	530,794	535,754	541,109	539,052	539,685
Discounts	320,216	346,592	347,911	349,224	346,715	344,425
Securities	70,710	108,527	108,783	109,378	109,774	109,908
Government loans	1,047,483	1,045,511	1,045,511	1,045,511	1,045,511	1,045,511
LIABILITIES						
Notes in circulation	2,036,599	2,054,404	2,053,057	2,128,910	2,106,535	2,077,394
Government deposits	386,393	534,497	537,946	468,398	457,267	455,442
Bankers' deposits	402,197	388,894	416,528	393,694	426,702	447,493
Other deposits	68,024	63,967	59,230	88,040	73,061	58,082
Foreign commitments	21,357	34,682	34,678	34,674	34,672	34,663

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

Assets	July 31, 1935	July 7, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Metal reserve—					
Gold coin and bullion	73,936	78,936	78,936	78,936	78,936
Foreign Exchange	17,239	26,385	25,125	24,043	24,145
Token money	9,979	10,089	10,867	11,294	9,601
Inland bills, warrants and securities	502,889	452,104	438,137	433,157	476,188
Advances to Treasury	65,796	88,695	88,695	90,694	90,694
LIABILITIES					
Notes in circulation	375,817	361,065	341,621	331,290	396,307
Current accounts, deposits, etc.	78,204	118,434	125,466	133,258	110,930
Cash certificates	109,065	97,668	97,668	95,625	95,625
Other liabilities	155,578	164,979	163,615	163,111	162,621

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)

Assets	July 31, 1935	July 7, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Gold	2,693,253	2,697,550	2,698,279	2,698,452	2,697,785
Balances abroad and foreign currency	261,972	25,177	27,228	30,456	20,920
Discounts and advances	948,779	1,825,328	1,639,420	1,576,142	1,533,078
State notes debt balance	2,068,041	2,036,114	2,035,245	2,035,208	2,035,160
LIABILITIES					
Bank notes in circulation	5,454,093	5,698,418	5,443,954	5,170,062	5,426,252
Check account balances	787,401	713,735	774,105	984,089	625,861

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

Assets	July 31, 1935	July 15, 1935	July 22, 1935	July 31, 1935
Cash reserve—				
Gold at home and abroad	1,341,259	1,532,530	1,531,021	1,531,000
Foreign exchange	25,364	2,782	5,716	7,186
Other foreign exchange	214,930	430,681	444,278	440,806
Bills and advances against security	1,765,937	1,598,408	1,601,466	1,601,570
Government advances	1,692,039	1,690,965	1,661,410	1,661,463
LIABILITIES				
Notes in circulation	4,513,239	4,780,080	4,778,777	4,957,396
Sight deposits	1,311,310	1,658,682	1,698,793	1,484,165
Time deposits	246,350	50,000	50,000	50,000

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

Assets	July 31, 1935	July 7, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Gold and silver holdings	1,582,875	1,606,955	1,606,955	1,606,955	1,606,955
Balances abroad and foreign currencies	198,030	464,384	471,877	449,069	445,581
Discounts and advances	881,144	1,289,680	1,274,328	1,266,458	1,265,922
Advances to the Treasury	2,697,817	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES					
Reserves	1,258,802	1,246,143	1,246,788	1,245,013	1,245,133
Bank notes in circulation	2,133,178	2,302,299	2,221,795	2,178,936	2,304,168
Sight liabilities	2,014,986	1,966,375	2,071,561	2,123,735	1,951,644
Deposits	128,622	122,778	121,495	121,495	121,320

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

Assets	July 31, 1935	July 7, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Gold and gold exchange	3,493,832	2,968,716	2,943,315	2,858,951	2,824,420
State Gold Bonds	375,035	566,897	566,697	566,697	566,440
Bills discounted	290,989	287,475	293,021	301,961	314,896
Advances	2,703,484	5,499,116	5,586,699	5,501,697	5,384,103
State Debt	2,714,111	3,605,111	3,605,111	3,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,365,683	5,690,922	5,574,025	5,442,314	5,396,184
Deposits and current accounts	3,893,317	6,447,103	6,607,072	6,552,974	6,431,941
Foreign exchange liabilities	95,520	189,199	191,081	193,705	186,767

BANK OF FINLAND.—In F. Marks (000's omitted)

Assets	July 31, 1935	July 7, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Gold	324,780	538,427	544,651	550,874	557,100
Balance abroad and foreign bills	1,438,816	1,203,493	1,219,320	1,207,739	1,235,124
Finland and Foreign bonds	435,218	529,951	527,692	522,802	517,421
Discounts and loans	783,261	988,369	929,612	919,384	913,964
LIABILITIES					
Notes in circulation	1,809,677	1,432,617	1,417,258	1,387,928	1,460,103
Deposits at notice	568,423	766,951	794,954	778,976	706,703

BANK OF LATVIA.—In lats (gold francs) (000's omitted)

Assets	Aug. 5, 1935	July 6, 1935	July 13, 1935	July 20, 1935	July 27, 1935	Aug. 3, 1935
Gold coin and bullion	46,364	46,410	46,411	46,421	46,422	46,423
Silver coin	16,346	15,992	16,171	16,138	16,234	16,277
Balance abroad	4,338	8,029	7,919	7,646	8,061	8,933
Treas. notes and small change	13,319	18,626	14,223	13,583	13,642	13,334
Short-term bills	54,842	50,907	50,731	50,562	50,445	50,429
Loans against securities	61,297	63,791	62,777	68,118	67,853	71,292
LIABILITIES						
Notes in circulation	32,395	35,397	34,529	35,082	34,364	33,830
Deposits	20,137	20,596	20,519	20,507	20,497	20,340
Current accounts	92,461	91,775	90,968	96,680	94,662	99,619
Government accounts	40,150	46,422	46,268	44,621	46,963	46,548

BANK OF DANZIG.—In Danzig gulder (000's omitted)

Assets	July 31, 1935	May 15, 1935	May 29, 1935	June 15, 1935	June 30, 1935	July 15, 1935	July 31, 1935
Gold coin and bullion	16,949	20,784	20,785	20,785	20,785	20,792	20,795
Silver coin	3,680	4,825	4,339	4,671	4,353	4,567	4,016
Balances abroad and foreign bills	10,240	8,851	8,531	7,400	9,937	10,100	10,000
Advances	1,262	321	501	321	251	543	548
Discounts	23,600	14,026	14,419	14,792	14,918	14,872	14,135
LIABILITIES							
Notes in circulation	30,352	27,273	28,298	27,123	29,956	28,571	31,345
Deposits on demand	5,556	4,593	3,480	5,368	4,743	7,205	5,550

BANK OF LITHUANIA.—In lt. (000's omitted)

Assets	July 31, 1935	May 31, 1935	June 15, 1935	June 30, 1935	July 15, 1935	July 31, 1935
Gold	41,537	53,679	58,938	58,961	60,129	61,619
Silver and other coins	3,708	4,829	4,736	5,052	5,087	5,154
Foreign currency	4,540	14,739	9,975	9,889	8,723	7,920
Discounts	82,179	68,109	66,354	66,757	64,984	63,981
Advances	11,713	12,394	12,479	12,260	12,035	11,960
LIABILITIES						
Bank notes in circulation	91,208	107,715	103,552	105,866	104,031	104,698
Current accounts	24,429	29,226	32,923	33,196	36,976	38,414
Deposits	21,344	15,837	16,441	14,867	13,470	9,218

BANK OF JAPAN.—In yen (000's omitted)

Assets	July 20, 1935	June 27, 1935	July 4, 1935	July 11, 1935	July 18, 1935
Gold coin and bullion	484,494	523,875	525,045	526,595	527,321
Other coin and bullion	44,947	66,148	66,197	66,828	68,845
Discounts	560,390	548,294	537,482	532,769	528,166
Advances	129,132	180,937	183,238	184,878	186,772
Advances on foreign bills	29,975	87,302	23,246	28,999	29,990
Government bonds	572,744	545,355	481,648	411,948	377,087
LIABILITIES					
Notes	1,142,917	1,438,798	1,364,115	1,275,995	1,238,332
Government deposits	455,921	259,622	236,349	251,471	61,171
Other deposits	73,981	72,238	60,610	66,560	149,239

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Aug. 6, 1936	Aug. 7, 1936	Aug. 8, 1936	Aug. 10, 1936	Aug. 11, 1936	Aug. 12, 1936	Aug. 13, 1936
Bank rate (changed from 2 1/2% June 30, 1935)	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Market rates (discount)							
60 days' bankers' drafts	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
3 months' do.	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
4 months' do.	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
6 months' do.	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Discount Treasury Bills—							
2 months'	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
3 months'	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Loans—Day-to-day	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Short	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Deposit allowances: Bank	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Discount houses at call	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
At notice	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4

Comparison with previous weeks

	Short	3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
Loans							
1936	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
July 16	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
" 30	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
" 13	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4

LONDON RATES OF EXCHANGE							
I.—Spot Rates (Range of the day's business)							
London on	Par of Exch. per £	Aug. 7, 1936	Aug. 8, 1936	Aug. 10, 1936	Aug. 11, 1936	Aug. 12, 1936	Aug. 13, 1936
New York, \$	4 14-86	5 01½-02½	5 02-03	5 02½-02½	5 02½-02½	5 02½-02½	5 02½
Montreal \$	4 4-86	5 01½-02½	5 02½-03	5 02½-03	5 02½-02½	5 02½-02½	5 02½
Paris, Fr.	124 1-2	76 1-2	76 1-2	76 1-2	76 1-2	76 1-2	76 1-2
Brussels, Bel.	35 00-0	29 79-34	29 82-86	29 80-86	29 79-82	29 79-82	29 80-86
Milan, L.	92 46-8	63 7-16	63 7-16	63 7-16	63 7-16	63 7-16	63 7-16
Zurich, Fr.	25 22-1/2	15 39-43	15 41-44	15 40-44	15 39-43	15 39-42	15 40-44
Athens, Dr.	37 5	52 1/2	52 1/2	52 1/2	52 1/2	52 1/2	52 1/2
Helsinki, M.	189 23	226 1-2	226 1-2	226 1-2	226 1-2	226 1-2	226 1-2
Madrid, Pt.	25 22-1/2	38 39-94	38 39-94	38 39-94	38 39-94	38 39-94	38 39-94
Lisbon, Esc.	110	109 1-10	109 1-10	109 1-10	110 1-10	110 1-10	110 1-10
Amst'dm, Fl.	12 107	7 39-41	7 40-41	7 39-41	7 39-40	7 39-40	7 39-41
Berlin, Mk.	20 43	12 47-50	12 48-51	12 47-50	12 47-49	12 47-49	12 47-49

France, shown in the figures below, was presumably for a special account.

Gold shipments from Bombay last week amounted to about £581,000. The s.s. "Ranchi" carries £424,000 consigned to London, and the s.s. "President Harrison" £157,000 consigned to New York.

SILVER MARKET

The market has maintained a quietly steady tone, and prices have moved only within narrow limits. There has been further buying for American trade requirements, and this, with demand from the Indian Bazaars, offset sales on China account and resales by speculators. There is no change in the outlook, the market showing a steady undertone at the present level of prices.

Quotations for gold and silver are shown below:—

1936	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce -999 fine	1936 Cents
			Cash	Two Months		
Aug. 6 ...	138 6	12 3-21	19 1/2	19 1/2	Aug. 5	45
" 7 ...	138 6	12 3-21	19 1/2	19 1/2	" 6	45
" 8 ...	138 4	12 3-20	19 1/2	19 1/2	" 7	45
" 9 ...	138 4	12 3-20	19 1/2	19 1/2	" 8	45
" 10 ...	138 4	12 3-20	19 1/2	19 1/2	" 9	45
" 11 ...	138 4	12 3-20	19 1/2	19 1/2	" 10	45
" 12 ...	138 4	12 3-20	19 1/2	19 1/2	" 11	45
Average ...	138 5-42	12 3-26	19-594	19-594		
Aug. 13 ...	138 4	12 3-39	19 1/2	19 1/2		

The highest rate of exchange on New York recorded during the period from the 8th instant to the 12th instant was \$5.03, and the lowest \$5.01.

COMPANY NEWS

AMERICAN RAILROADS

Company	Months	Ending	Description	Receipts for Month ended May 31, 1936, compared with Month of May, 1935	Aggregate Five Months of 1936 compared with Five Months of 1935
Atlantic Coast Line	5	May 31	Gross	\$ 3,551,433	\$ 20,158,014
			Net	1,352,224	1,130,312
Atchafalaya	5	May 31	Gross	1,411,442	1,135,224
			Net	2,681,300	1,947,531
Baltimore and Ohio	5	May 31	Gross	14,289,737	2,452,470
			Net	2,472,966	9,266,712
Boston & Maine	5	May 31	Gross	3,800,875	38,913
			Net	2,226,708	349,420
Central of New Jersey	5	May 31	Gross	2,529,125	23,642
			Net	52,635	361,654
Chesapeake and Ohio	5	May 31	Gross	1,257,696	2,432,188
			Net	3,471,952	1,552,694
Chicago and N. Western	5	May 31	Gross	7,385,261	984,862
			Net	404,715	658,041
Chicago, Burlington, and Quincy	5	May 31	Gross	7,059,751	957,483
			Net	844,321	381,545
Chicago, Rock Island, and St. Paul	5	May 31	Gross	6,425,613	1,215,717
			Net	3,103,365	1,811,275
Delaware and Hudson	5	May 31	Gross	6,088,192	870,525
			Net	465,665	65,810
Delaware, Lackawanna, and Western	5	May 31	Gross	2,269,474	195,388
			Net	356,844	256,910
Denver & Rio Grande W.	5	May 31	Gross	4,127,309	72,083
			Net	503,676	71,589
Erie Railroad	5	May 31	Gross	1,947,386	394,368
			Net	6,617,080	635,735
Great Northern	5	May 31	Gross	1,226,702	324,704
			Net	7,691,509	1,259,143
Gulf Coast Lines	5	May 31	Gross	2,900,179	260,339
			Net	1,019,737	151,967
Illinois Central	5	May 31	Gross	9,037,171	1,269,359
			Net	940,343	554,172
International Gt. Northern	5	May 31	Gross	996,848	4,797
			Net	11,661	224,808
Louisville and Nashville	5	May 31	Gross	3,929,485	309,932
			Net	705,615	64,558
Mtn., St. Paul, and Sault	5	May 31	Gross	7,203,276	1,052,017
			Net	1,488,891	453,553
Missouri, Kansas, and Texas	5	May 31	Gross	2,337,724	368,412
			Net	342,051	5,954
Missouri Pacific	5	May 31	Gross	2,444,206	412,198
			Net	2,243,236	193,129
New York Central	5	May 31	Gross	6,785,031	907,881
			Net	311,919	581,832
N. York, New Haven, and Western	5	May 31	Gross	28,154,613	3,168,359
			Net	3,280,984	841,031
Norfolk and Western	5	May 31	Gross	6,349,556	482,032
			Net	7,614,951	485,755
Pennsylvania Railroad	5	May 31	Gross	7,238,395	1,296,435
			Net	2,308,551	826,362
Pere Marquette R.R.	5	May 31	Gross	4,646,091	671,406
			Net	215,013	146,900
Reading Co.	5	May 31	Gross	35,368,797	5,458,213
			Net	6,895,912	1,526,008
Seaboard Air Line	5	May 31	Gross	2,676,405	491,431
			Net	208,974	269,790
Southern Pacific	5	May 31	Gross	4,910,277	503,562
			Net	1,252,363	229,304
St. Louis-San Francisco	5	May 31	Gross	3,097,296	137,664
			Net	171,030	16,365
Union Pacific	5	May 31	Gross	15,080,827	1,928,578
			Net	1,566,979	338,328

† Net operating income.

WEEKLY TRAFFIC RETURNS RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Aug. 7, 1936.	(c) Week ended Aug. 8, 1936.	Miles Open	Gross Receipts, week ended Aug. 8, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (82 weeks) (£'000)				
			Passenger & Goods	Merchandise	Coal and Coke	Total	Total Receipts	Passenger & Goods	Merchandise	Coal and Coke	Total	Total Receipts
Great Western	1936 3,746	355	133	54	187	542	6,600	5,969	3,177	9,146	15,746	15,414
(c) L. & N.	1936 3,748	357	124	53	177	534	6,568	5,732	3,116	8,848	15,414	15,414
Eastern	1936 3,332	312	255	180	435	947	10,198	10,195	7,342	17,337	27,735	27,735
L. M. & S.	1936 3,336	518	249	175	424	942	10,116	9,832	6,967	17,799	26,915	26,915
Scottish	1936 6,917	783	368	155	523	1,306	15,833	14,973	7,611	22,584	38,417	38,417
Southern	1936 6,925	776	344	144	488	1,264	15,619	14,131	7,233	21,364	36,983	36,983
	1936 2,154	482	46	16	62	544	9,684	1,958	990	2,948	12,632	12,632
	1936 2,171	485	48	17	65	545	9,627	1,943	931	2,874	12,501	12,501
Total	1936 19,149	2132	802	405	1207	3,399	42,315	33,095	19,120	52,215	94,530	94,530
	1935 19,181	2131	765	389	1154	3,285	41,928	31,638	18,247	49,885	91,813	91,813

(b) Belfast & Co. Down	(c) Great Northern	(d) Great Southern	Comparisons with corresponding periods, 1934 and 1935 (000's omitted)			
			Great Western	L.M.S.	L.N.E.R.	Southern
1936 80	4-1	...	0-4	4-5	81-4	17-6
1935 80	4-2	...	0-5	4-7	82-7	18-0
1936 543	19-3	...	6-8	26-1	325-5	296-4
1935 543	19-1	...	6-9	26-0	317-2	286-8
1936 2,076	66-6	...	35-2	101-8	1078-4	1256-6
1935 2,124	65-2	...	29-2	94-4	1067-3	1179-7

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1936	+ or -	1936	+ or -
Assam Bengal	16	July 20	1,330	Rs. 141,500	- 37,632	49,87,261	+ 1,61,826
Barsi L. Ry.	16	July 20	292	Rs. 141,500	- 37,632	49,87,261	+ 1,61,826
Bengal & N. Western	16	July 20	2,112	Rs. 18,35,305	+ 34,517	1,17,48,103	+ 6,99,507
Bengal-Nagpur	16	July 20	2,068	Rs. 18,68,000	+ 2,76,710	2,53,62,036	+ 16,23,351
Bombay, Bar. & C.	16	July 20	3,072	Rs. 26,51,000	+ 3,27,000	3,89,93,000	+ 26,49,000
Madras & S. Mah.	16	July 20	3,229	Rs. 19,72,000	+ 1,24,457	2,40,93,554	+ 6,02,409
Rohilkhand & Kumaon	16	July 20	546	Rs. 11,59,891	+ 13,263	23,72,527	+ 1,84,839
South Indian	16	July 20	2,532	Rs. 11,05,810	+ 81,117	1,66,53,733	+ 4,08,368

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1936	+ or -	1936	+ or -
Assam Bengal	16	July 20	1,330	Rs. 141,500	- 37,632	49,87,261	+ 1,61,826
Barsi L. Ry.	16	July 20	292	Rs. 141,500	- 37,632	49,87,261	+ 1,61,826
Bengal & N. Western	16	July 20	2,112	Rs. 18,35,305	+ 34,517	1,17,48,103	+ 6,99,507
Bengal-Nagpur	16	July 20	2,068	Rs. 18,68,000	+ 2,76,710	2,53,62,036	+ 16,23,351
Bombay, Bar. & C.	16	July 20	3,072	Rs. 26,51,000	+ 3,27,000	3,89,93,000	+ 26,49,000
Madras & S. Mah.	16	July 20	3,229	Rs. 19,72,000	+ 1,24,457	2,40,93,554	+ 6,02,409
Rohilkhand & Kumaon	16	July 20	546	Rs. 11,59,891	+ 13,263	23,72,527	+ 1,84,839
South Indian	16	July 20	2,532	Rs. 11,05,810	+ 81,117	1,66,53,733	+ 4,08,368

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1936	+ or -	1936	+ or -
Assam Bengal	16	July 20	1,330	Rs. 141,500	- 37,632	49,87,261	+ 1,61,826
Barsi L. Ry.	16	July 20	292	Rs. 141,500	- 37,632	49,87,261	+ 1,61,826
Bengal & N. Western	16	July 20	2,112	Rs. 18,35,305	+ 34,517	1,17,48,103	+ 6,99,507
Bengal-Nagpur	16	July 20	2,068	Rs. 18,68,000	+ 2,76,710	2,53,62,036	+ 16,23,351
Bombay, Bar. & C.	16	July 20	3,072	Rs. 26,51,000	+ 3,27,000	3,89,93,000	+ 26,49,000
Madras & S. Mah.	16	July 20	3,229	Rs. 19,72,000	+ 1,24,457	2,40,93,554	+ 6,02,409
Rohilkhand & Kumaon	16	July 20	546	Rs. 11,59,891	+ 13,263	23,72,527	+ 1,84,839
South Indian	16	July 20	2,532	Rs. 11,05,810	+ 81,117	1,66,53,733	+ 4,08,368

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1936	+ or -	1936	+ or -
Assam Bengal	16	July 20	1,330	Rs. 141,500	- 37,632	49,87,261	+ 1,61,826
Barsi L. Ry.	16	July 20	292	Rs. 141,500	- 37,632	49,87,261	+ 1,61,826
Bengal & N. Western	16	July 20	2,112	Rs. 18,35,305	+ 34,517	1,17,48,103	+ 6,99,507
Bengal-Nagpur	16	July 20	2,068	Rs. 18,68,000	+ 2,76,710	2,53,62,036	+ 16,23,351
Bombay, Bar. & C.	16	July 20	3,072	Rs. 26,51,000	+ 3,27,000	3,89,93,000	+ 26,49,000
Madras & S. Mah.	16	July 20	3,229	Rs. 19,72,000	+ 1,24,457	2,40,93,554	+ 6,02,409
Rohilkhand & Kumaon	16	July 20	546	Rs. 11,59,891	+ 13,263	23,72,527	+ 1,84,839
South Indian	16	July 20	2,532	Rs. 11,05,810	+ 81,117	1,66,53,733	+ 4,08,368

Argentine N.E.	6	8	753	\$159,200 +	28,600	876,300 +	71,000
				*9,321 +	1,648	51,308	3,000
B.A. and Pacific ...	6	8	2,806	\$1,291,000 +	31,000	7,098,300 +	324,000
				*75,585 +	1,554	415,500	20,000
B.A. Central	4	July 25	...	\$124,000 -	4,300	456,500	33,000

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Dis- tri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount				
Breweries		£	£	£	£	£	%	£	£	£	%
Empress Brewery	June 30	...	36,697	36,697	6,000	30,697	30.7	...	...	36,372	30.4
Friary Holroyd and Healy's	June 30	26,782	137,791	164,573	20,936	77,018	13	40,000	26,619	126,447	11
Iron, Coal and Steel											
Briggs (H.) Son & Co.	June 30	48,988	63,471	112,459	...	49,181	7½	15,000	48,278	48,913	7½
Fairbairn Lawson Combe Barbour	Mar. 31	Dr381,479	Dr. 23,227	Dr404,706	...	...	...	...	Dr404,706	Dr30,353	...
Rubber			(a)	(a)					(a)	(b)	
Kepitigalla Rubber	Mar. 31	Dr. 903	Dr. 410	Dr. 1,313	...	...	...	...	Dr. 1,313	183	Nil
Prye Rubber	Mar. 31	249	1,915	2,164	...	1,241	1½	750	173	1,955	...
Textiles											
Collier (S.) and Co.	June 30	...	9,551	9,551	...	6,000	10	2,500	1,051	†	†
Trusts											
Compass Investment Trust	June 30	10,928	23,833	34,761	19,310	4,625	2	...	10,816	25,150	2
Third Scottish American ...	July 1	25,378	43,506	68,884	9,325	27,900	18	10,000	21,659	39,787	17
Other Companies											
Chaplin Holdings	Mar. 31	5,757	19,008	24,765	5,000	12,500	5	...	7,265	18,716	5
National Provincial Cinemas	Mar. 31	...	33,161	33,161	5,599	18,268	15.658	8,500	794	†	†
Sound City Films.....	May 31	4,110	7,482	11,592	1,561	2,991	3	2,000	5,040	†	†

(a) Subject to depreciation and to scheme of arrangement.
incorporation on August 21, 1935. † No comparable figures.

(b) 15 months.

(c) From May 20, 1935.

(d) From

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

AFTER exhibiting a strong tone in recent weeks, several of the principal commodity markets have now suffered a reaction. Prominent in this movement—which, however, has not been general—were wheat and cotton, each of which forms the subject of a Note of the Week. The Washington Government's forecast of the yield of the American cotton crop was some 300,000 bales in excess of market anticipations, and thus exerted a bearish influence on prices. Other textile fibres were either unchanged in price or dearer than in the previous week. Wheat has been affected by profit-taking sales, encouraged by reports that the yield in some parts of Canada is higher than anticipated; but little actual change in the statistical position of the commodity is indicated. Other cereals showed an easier tendency in sympathy with wheat and oilseeds and reacted slightly for the same reason, despite crop reports which fully confirm market expectations of the damage done by the drought in North America.

Copper remains the bright spot of the metal market, the cash quotation being again higher, notwithstanding the recent increase in production quotas. Tin prices have fluctuated widely, the market being under the influence of reports regarding Siam's future association with the restriction scheme. Meanwhile, business in iron and steel shows only a slight seasonal slackening, and it is reported that August holidays have been curtailed in some producing areas. The rubber market was again dull, but quotations were well maintained.

Supplies of bacon remain inadequate, and the Board of Trade has announced a further relaxation of the import quotas. Other provisions were also firm in price. At the public tea auctions, which were resumed in Mincing Lane this week, quotations were somewhat irregular, but the market in sugar was steady. Other foodstuffs show little general change as compared with last week.

In the United States, the upward trend in the price of primary products has continued, though at a more moderate rate. Moody's daily index of the dollar prices of staple commodities (December 31, 1931 = 100) stood at 184.5 on Wednesday last, against 183.0 a week earlier, 177.8 a month ago and 165.1 on the corresponding day last year.

COAL

SHEFFIELD.—The demand for industrial fuel remains firm and, except in washed smalls and singles, supplies tend to become a little more plentiful. Coking fuels are still in heavy request and the incessant demand for coking smalls, and the busy state of the coke works, leave very little free coal. Export trade does not show any increase and inquiries from Italy for supplies of coal have been turned down by Hull until long-overdue accounts have been settled. The demand for furnace coke remains strong and there

has been an increase of 3s. per ton—the second rise in price within a month—making the quotation 24s. per ton at ovens for inland.

NEWCASTLE-ON-TYNE.—Continued firmness of Northumberland steams, seldom experienced in August, is the feature of the North-East coal market. These collieries are now certain of working regularly until the autumn, and from this period until the spring of next year they are more than fully sold. Durham steams, along with prime classes of bunkers, are a steady market. Good class coking coal is in active demand from home users, but there is little new trade on the export side. Coke of all classes continues to be firm.

CARDIFF.—Conditions of aggravated inactivity have prevailed during the past week. The scarcity of new business has been general, and a great deal of time has been lost at the collieries. Shipments in the cargo in coastwise trades last week totalled only 215,230 tons compared with 357,090 tons the previous week, and 243,102 tons in the corresponding holiday period last year; in view of so relatively small a volume of trade the congestion on the sidings is as great as ever, and the difficulty of finding empty wagons is increasing. There is practically no shipment of coal either to Spain or to Italy, and deliveries to France also are unsatisfactory. Prices are un-very firm. Coke is also strong and there is a fairly steady market for patent fuel. The miners have decided to exercise their right under the wages agreement to apply for a revision of wage conditions, and have notified the owners of an application to increase the minimum on the basis rates from 25 per cent. to 30 per cent. It is practically certain, however, that the audit for the three months ended July will again show a deficit.

IRON AND STEEL

LONDON.—In view of the strong demand for all descriptions of iron and steel the usual August holidays have been curtailed in a number of producing districts, and works are operating at capacity, says the official report of the London Iron and Steel Exchange. The requirements of the home trade leave little surplus for export in any department, but recently many overseas markets have developed considerable activity. An interesting feature is an advance in the export prices of the Continental Steel Cartel, following the increase in the British steelmakers' quotations for overseas destinations. Home demand for pig iron continues to absorb practically all the iron produced, and owing to the curtailment of holidays, makers have had little opportunity to overtake arrears in deliveries against contracts. The position, however, has become somewhat easier than it was a few weeks ago and consumers are now receiving their supplies more regularly. A few contracts have been accepted lately for delivery over the first quarter of 1937, but producers are disinclined to commit themselves so far ahead. Demand for semi-finished steel appears to be expanding, and some consumers are displaying nervousness regarding future supplies. Many works are behind in deliveries, although plants manufacturing this class of steel are operating at capacity. In the finished steel section a slight seasonal relaxation in new business is noticeable. There is no decline in the quantities passing into consumption, however, and most of the producing works are finding it difficult to meet their customers' requirements.

MIDDLESBROUGH.—Although a few small parcels of pig iron have been shipped abroad recently, there is a big demand from home users and local foundries, and makers have no difficulty in disposing of their output. Prices are unchanged, with No. 3 Cleveland foundry pig iron quoted at 75s. per ton delivered locally and No. 1 East Coast Hematite 85s. 6d. per ton with the rebate of 5s. Both semi-manufactured and manufactured steel continue in demand. Local engineering contractors have secured a contract for 25 steel oil storage tanks for Singapore, for which approximately 8,000 tons of steel plates will be required and which will be manufactured locally. Further shipbuilding orders have been placed, a 9,000 ton steamer having been ordered from Tyne shipbuilders, whilst a smaller vessel will be

built by a Tees yard. The export price of ship plates, steel bars, and joists, has been advanced by 10s. per ton. Good Durham blast furnace coke can now be obtained at 24s. 6d. per ton delivered furnaces. New business in iron ore is chiefly for forward delivery. Arrivals of iron ore from Spanish ports are few owing to the difficulties there. Heavy steel melting scrap is 57s. 6d. per ton delivered at the works. Next week is the local holiday week and there will be no market on this account. It is expected that some of the foundries will close down for the week, but some of the steel-works will continue operations throughout this period.

SHEFFIELD.—Though some slackness is visible in the iron and steel market, August being a holiday month, there is no great falling off in business, and consumers are anxious to place orders. Producers, however, are in many cases fully booked for some time ahead. Any parcels of pig-iron on offer are immediately taken up. The demand for forge is increasing, though foundry and basic continue to be in greater request. Both East and West Coast hematite is in active demand and actual business is on a fairly substantial scale. In finished iron, common and marked bars are the best features. Business in crown iron shows an increase compared with the first quarter of the year, but much more could easily be handled. The pressure for basic steel billets continues and although the demand for acid billets is considerable, the urgency is not so great as in basic qualities. Strip, bar and rod requirements remain firm. Orders for railway material are numerous and there is considerable activity in structural, manganese, and high speed tool steels.

GLASGOW.—There is practically no change in the situation this week. Steelmakers, makers of semis, re-rollers, etc., are all working to capacity and in every branch work at present on hand is sufficient to ensure steady employment for some months to come. Users of steel material are finding it necessary to place their orders well ahead of actual manufacturing requirements to ensure supplies adequate for their own commitments. The bulk of the steel business placed is on home account, but several overseas markets are showing more interest and enquiries are much more numerous, while the volume of business actually done is rather greater. While no outstanding shipbuilding contracts are reported for Clyde yards, smaller vessels have been secured. The improvement in the steel structural business is maintained and most of the firms in this particular branch have been able to find employment for more workers.

CARDIFF.—Trade has been fairly active since the holidays. The recent improved level of production in the tinplate and sheet branches is maintained, and a feature has been a further slight expansion in the home market for sheets. The blastfurnaces of the steelworks are operating almost up to capacity. Prices are unaltered, and are ruling at 18s. 9d. per box. f.o.b. for tinplates, £11 15s. per ton f.o.b. for galvanised sheets, and £9 per ton for tinplate bars. Shipments of tinplates at Swansea last week totalled 45,020 boxes compared with 85,242 boxes in the corresponding week last year, and stocks stand at 94,806 boxes as against 17,945 boxes a year ago.

OTHER METALS

COPPER.—Despite the recent increase in the quotas, prices have hardened further, the cash quotation rising on Tuesday to a new high level for the year at £38 11s. 3d. There was a reaction on Wednesday to £38 7s. 6d., but it is generally believed that the decline is temporary, since Continental demand is good. Copper consumption in the United Kingdom during the second quarter of the year, according to the preliminary figures of the British Metal Corporation, amounted to 66,000 tons, against 60,000 tons in the previous quarter, and 65,000 in the second quarter of 1935. The New York export quotation has been advanced during the week, and rumours have been current that the United States domestic quotation may shortly be raised to 10 cents per lb. The market position provides no justification for such a rise, but definite forecasts are impossible since the matter is a question of policy on the part of the American producers.

Sales on the London Metal Exchange, 1,500 tons on Monday; 2,100 tons on Tuesday, against 2,350 tons last week; 975 tons on Wednesday, against 1,350 tons last week. Domestic spot was quoted at 9.40 cents per lb. in New York on Wednesday, against 9.27½ cents a week ago and 9.02½ cents a month ago. Wednesday's official closing price for standard cash in London was £38 7s. 6d. to £38 8s. 9d., compared with £38 to £38 1s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 52,692 tons, show a decrease of 858 tons, while stocks of rough copper, at 3,056 tons, show a decrease of 230 tons on the week.

LEAD AND SELLER.—Lead prices again advanced in response to a good demand, and the sound technical and statistical position of the market. Although quotations closed on Wednesday below the week's best, there was a net gain of 3s. 9d. on the week. Spelter was again lower in consequence of the reported breakdown in the cartel negotiations, discussed in a Note of the Week. The bull account in spelter has now been liquidated so that there is no new immediate danger to the market, even if the cartel negotiations are finally abandoned. But uncertainty will continue to hang over the market until some official pronouncement is received.

Sales of lead on the London Metal Exchange: 2,250 tons on Monday; 550 tons on Tuesday, against 1,200 tons last week; 1,175 tons on Wednesday, against 1,050 tons last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign shipment during the current month was £16 12s. 6d. per ton, compared with £16 8s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 500 tons on Monday; 675 tons on Tuesday, against 750 tons last week; 200 tons on Wednesday, against 175 tons last week. Wednesday's quotation in East St. Louis was 4.80 cents per lb., against 4.80 cents the week before and 4.75 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 7s. 6d. per ton, against £13 17s. 6d. last week.

TIN.—Prices show practically no net change on the week, despite wide fluctuations. Uncertainty concerning the future of the restriction scheme is the feature of the market at the present time. The announcement this week that the next meeting of the International Tin Committee has been postponed from September 4th to September 18th had a favourable effect upon prices, since it was anticipated that the postponement related to the discussions with Siam. But it was subsequently learned that the difference between Siam and the International Committee is more than a question of the size of Siam's quota. It appears that the four signatory countries are anxious that Siam shall become a signatory, too: i.e. that future co-operation shall be on the basis of a fixed standard tonnage and the usual variable quarterly quotas. Siam, on the other hand, is demanding a flat rate of production, which would guarantee its tin industry a high level of exports, even when the market was weak. This difference, which is one of principle, will not be easy to solve. No progress towards the renewal of negotiations between Siam and the I.T.C. appears to have been made.

Sales of tin on the London Metal Exchange: 85 tons on Monday; 250 tons on Tuesday, against 80 tons last week; 275 tons on Wednesday, against 290 tons last week. The New York quotation on Wednesday was 41.37½ cents per lb., against 42.75 cents a week ago and 44.12½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £184 5s. to £184 7s. 6d. per ton, compared with £184 5s. to £184 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 610 tons, an increase of 15 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 3s. to £12 3s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £52 to £53 per ton ex warehouse, duty paid, as against £53 to £54 per ton last week. Chinese wolfram for "August-September" shipment was quoted at 25s. to 26s. per unit c.i.f., against 25s. 6d. to 26s. a week ago. Platinum (refined) was quoted at £8 10s. per ounce the same as last week.

TEXTILES

COTTON.—Manchester.—Trading conditions during the past week have been upset by the bearish American Government crop estimate discussed in a Note of the Week. More uncertainty has prevailed as to the future level of prices. The crop forecast of 12,481,000 bales is about 300,000 bales more than expected. The report resulted in a rather sharp fall in prices in Liverpool at the beginning of the week, but since then a substantial part of the decline has been recovered. It is recognised that the final output of cotton will depend upon the weather in the belt during the next two months.

Business in piece-goods has been disturbed by the unsettled raw cotton situation. Sales have been generally unimportant and leading buyers cautious. Demand for India continues disappointing and transactions of more than retail dimensions have been of rare occurrence. To an increasing extent the natives are being supplied by Japan and the home mills. Fancies have attracted a fair amount of attention for Java and Singapore. Only scattered transactions have been put through for Egypt and the Near East. Some moderate lots have been booked for West Africa in heavy shirtings and coloured goods. There has been some falling off in the demand for South America. Irregular buying has taken place for the Dominions, especially Australia and South Africa. A little more activity has shown itself in standard cloths for the home trade. The yarn market has been rather irregular. Only a restricted business has been done, but a fair demand has been experienced in coarse American counts. No increased activity in Egyptian qualities has shown itself.

COTTON PRICES

	1936				Corresponding Date	
	July 22	July 29	Aug. 5	Aug. 12	1934	1935
Raw Cotton—Mid. American..... per lb.	7.39	7.28	6.99	6.92	7.19	6.44
Sakellaridis Fully Good Fair						
Egyptian	10.50	11.20	11.15	11.06	8.69	8.11
Yarns—32's twist	11½	11½	11	11	10½	10
" 40's twist	11½	11½	11½	11½	10½	10½
" 60's twist (Egyptian)	17½	17½	17	17	17	17
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. s. d. s. d. s. d. s. d. s. d. s. d.	18 3 18 3 18 1½ 18 1½ 18 1½ 19 6 17 3				
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	25 9 25 9 25 6 25 4 24 6 24 3					
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 6 10 6 10 5 10 4 11 3 10 4					
39-in. ditto, 37½ yds. 16 by 15, 8½ lb.	9 6 9 6 9 5 9 4 10 1 9 2					

COTTON TRADE WAGES.—A joint meeting was held in Manchester on Wednesday between the Lancashire cotton spinning employers and representatives of the trade unions, to consider an application from the workpeople for an increase in wages of 14 per cent., bringing the list rates back to the level existing before the 1932 reductions. After the trade union officials had explained the reasons for the demand the employers promised to give a reply at a later date. It is understood that the leaders of the operatives contended that during the last six months there had been an improvement in trade and at the same time an increase in the cost of living; and that in view of the low earnings of many of their members the request for an increase was justified. In trade circles the opinion is held that the present time is inopportune for any increase in costs of production as the industry is still in a depressed condition and spinners find it exceedingly difficult to secure prices for yarn which show any profit at all, after allowance has been made for adequate depreciation of machinery and plant. It is probable, however, that if the workers' demand is pressed they will be able to obtain some concession. The conciliation machinery set up in 1932 has been abandoned by the trade unions, so negotiations will have to be carried on by the representatives of the two sides.

JUTE.—Dundee.—Raw jute prices advanced about 20s. to 30s. per ton, according to grade, on the advice from Calcutta that the mills in the Indian Jute Mills' Association had increased their working period from 50 to 54 hours per week. The negotiations for an agreement with the non-member mills in regard to working hours on the basis of 50 hours for the Associated Mills and 54 for non-members have apparently broken down. The "outside" mills are now all working 54 hours per week in any case, having reduced from 108 and even 120 hours per week, owing to the difficulty finding an outlet for their goods because the Associated Mills had reduced their prices to such low levels. The difficulty in the way of an agreement between the two parties is said to be the inability of the "outside" mills to agree amongst themselves.

The price of Daisee-£ rose to £17 12s. 6d., paid for the full group, and £18 quoted for good single marks, with fours at £16 12s. 6d., but this week there has been a decline to £17 paid for the group of assortment and £16 quoted for fours, October/November. A good deal of covering in has been done by "bear" sellers at the higher prices, but spinners have shown little interest. The rise in raw jute quotations brought out a considerable business in jute yarns, the hessian descriptions being sold at from 1s. 9½d. to 1s. 10½d. for common 8 lb. cops, and 1s. 10½d. to 1s. 11½d. for 8 lb. spools. Quotations are often higher now, but 1s. 10½d. and 1s. 11½d. are the best rates obtainable. Twist is very steady at 3½d. lowest for 3-ply 8 lb., after 3½d. accepted, and sacking yarns are firm at 2½d. for 24 lb. weft and 3½d. for 8 lb. chains. The finer yarns have ruled quiet and about unchanged, but carpet yarns have been fairly freely dealt in at from 3d. to 3½d. for 14 lb. warp. Jute cloth buyers have been slow to purchase, but manufacturers have been able to obtain a slight advance in their terms. The lowest rates are now 2½d. for 10 oz. 40 in. and 1½d. for 8 oz., which

consumers are reluctant to pay. Linoleum hessians are quiet, but steady and a quiet demand prevails for heavy goods. The Calcutta goods market improved slightly, but prices have again weakened this week. On the whole there is little material change over the past month.

GRAIN MARKETS

WHEAT.—After the steep upward movement of recent weeks, wheat prices have suffered a reaction and business has been less active. Although the statistical position has undergone little change, profit-taking has been in evidence this week. The *Corn Trade News* estimates total Canadian production (spring and winter wheat) at 197 million bushels, the smallest since 1919, when the crop was returned at 192 million bushels. The total output in the United States is officially put at 632½ million bushels, against 623 bushels finally returned last year. We comment upon the outlook in a Note of the Week.

On Wednesday last, "September" futures were quoted in Chicago at 110½ cents per bushel, against 113½ cents the week before and 104½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 39s. 6d. per 496 lbs., against 41s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 39s. 3d., against 41s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,231,000 quarters, against 1,283,000 in the previous week and 800,000 quarters in the corresponding week a year ago.

FLOUR.—Demand has turned quiet this week and the market has displayed an easier tendency. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 34s. per 280 lbs., against 34s. 6d. a week ago; delivered inner London, 33s. 6d., as compared with 34s. a week ago. Manitoba patents, ex store, 30s. 9d. to 32s. 3d., against 31s. 6d. to 33s. a week ago. Australian, ex store, 27s. 6d. to 28s., against 22s. 6d. to 27s. a week ago.

BARLEY.—The advance in prices has been well maintained. "October" futures were quoted at 64½ cents per bushel in Winnipeg on Wednesday, against 61 cents a week ago and 49½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 25s., as against 25s. a week ago; "English malting," at farm, not quoted.

OATS.—The market has shown no new features this week. On Wednesday, "September" futures were quoted at 42½ cents a bushel in Chicago, against 42½ cents a week ago and 38½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 20s. 6d. per 336 lbs., against 20s. 6d. a week ago; "English White," at farm, 20s. 6d.; against 20s. 6d. a week earlier.

MAIZE.—The upward movement of prices in London slackened this week. But in view of the sound statistical position any reaction seems likely to be of moderate dimensions. "September" futures were quoted on Wednesday at 106½ cents per bushel in Chicago, against 106½ cents a week ago; and 83 cents last month. Quotations in London, Wednesday: "Plate," landed, 26s. 3d. per 480 lbs., compared with 26s. a week ago; "Plate," ex ship, 24s. 6d., as against 25s. a week ago; "Plate," "August," 23s. 9d., as against 24s. a week ago; yellow maize meal, ex wharf, was quoted at £6 10s. to £6 15s. per ton, as against £6 10s. to £6 12s. 6d. last week.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-35:

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Aug. 14, 1935	Dec. 31, 1935	Aug. 5, 1936	Aug. 12, 1936
Winnipeg (No. 1, Manitoba)						
—Cents per 60 lb.	65½	82½	82	84½	107½	100½
Chicago (No. 2, Winter)						
—Cents per 60 lb.	84½	98½	86½	75½	113½	110½

The visible supply of wheat in Canada amounts to 66,029,000 bushels against 70,348,000 bushels last week, and 125,984,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—				
1 week to August 8	24,053	85,463	46,782	37,575
49 weeks to August 8	8,631,016	11,035,784	13,326,712	13,255,708
Average price of English wheat per cwt.	s. d. 6 8	s. d. 5 0	s. d. 5 4	s. d. 7 6

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
August 8, 1932.....	Cwts. 26,830	Cwts. 1,786	Cwts. 4,088	s. d. 6 7	s. d. 6 8	s. d. 7 10
August 5, 1933.....	24,053	6,061	17,447	6 8	7 1	5 10
August 11, 1934.....	85,463	3,305	16,502	5 0	8 2	6 7
August 10, 1935.....	46,782	3,883	22,240	5 4	6 7	6 8
August 1, 1936.....	43,950	3,112	10,052	7 4	6 10	6 8
August 8, 1936.....	37,575	2,532	7,506	7 6	7 3	6 6

OTHER FOODS

BACON.—The market has recently been firm on insufficient supplies and the Board of Trade announced an arrangement last week-end for the importation of an additional 8,000 cwt., spread over this week and next. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 99s.; Canadian, 93s.; Danish, 100s.; as against 94s. to 96s., 87s., and 96s. last week. Arrivals in London last week included Danish, 14,496 bales;

Canadian, 4,035; Dutch, 2,570; Lithuanian, 1,703, and Polish, 2,477, as against 15,830, 4,252, 2,595, 1,712 and 2,740 respectively, in the previous week.

BUTTER.—Market conditions are firmer and prices are higher on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 118s. to 119s.; Australian, choicest salted, 117s. to 118s.; Danish, 126s. to 128s., compared with 116s., 115s. and 125s. to 128s. respectively, a week ago.

CHEESE.—Cheese met with an improved demand and prices have hardened. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 70s. to 74s.; Canadian, finest coloured, 66s.; and New Zealand, finest coloured, 65s., against 70s. to 74s., 64s. to 65s., and 61s. 6d. to 62s., respectively, a week ago.

COCOA.—Firm conditions have been obtained in the cocoa markets this week. The spot quotation in New York on Wednesday was 6½ cents per lb., as against 6½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "October-December," was quoted 28s. 7½d. per 250 kilos., c.i.f. Continent, against 28s. 3d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 541 bags; delivered for home consumption, 1,768 bags; exported, 1,072 bags; stocks, 160,479 bags, against 155,780 bags a year ago.

COFFEE.—The London market continues quiet; the New York spot market is steady with prices unchanged. On Wednesday, Rio No. 7 (cash) was quoted at 8 cents per lb. in New York, as compared with 8 cents per lb. last week and 7½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 297 cwt., delivered for home consumption, 76 cwt.; exports, nil; stocks, 10,432 cwt., against 15,185 bags a year ago. Central and South American, landed, 108 cwt.; delivered for home consumption, 1,827 cwt.; exported, 1,310 cwt.; stocks, 98,349 cwt., against 148,449 packages last year. Other kinds, landed, 943 cwt.; delivered for home consumption, 2,760 cwt.; exported, 608 cwt.; stocks, 143,508 cwt., against 166,215 packages last year.

EGGS.—The egg market has displayed a firmer tone this week and prices have risen. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 15s. to 15s. 6d. per 120, as against 14s. 6d. to 15s. 3d. last week, while Danish (15½ lb.) made 10s. 6d. to 10s. 9d. per 120, as against 10s. 3d. to 10s. 6d. last week.

FRUIT.—Business has been well maintained throughout the week but prices generally are lower, on plentiful supplies. According to *The Fruitgrower*, English apples are much in evidence, but the market for Australian and New Zealand apples is restricted. Demand for pears is not so good and prices have eased. Supplies of English plums are increasing and prices are falling. Italian greenhouses, too, are cheaper. Black-currant, raspberry and loganberry prices are firm. Peach and nectarine prices are slightly higher. Demand for oranges is good, but the lemon trade is only moderate, with prices lower. Quotations for grapes are easier this week.

MEAT.—Business at Smithfield Market has been quiet, with prices showing little change. On Wednesday last, Argentine chilled hind-quarters were quoted at 3s. 10d. to 4s. 4d. per 8 lbs., as compared with 3s. 10d. to 4s. 4d. a week ago. New Zealand frozen mutton was 3s. to 3s. 8d. per 8 lbs., against 3s. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 7,705 tons, an increase of 817 tons on the corresponding week last year. Beef and veal accounted for 4,318 tons, mutton and lamb 2,490 tons, and pork and bacon 534 tons, as compared with 3,817, 2,349, and 411 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 7 tons; stocks, 1,749 tons, against 1,767 tons a year ago. White, landed, 4 tons; delivered, 74 tons; stocks, 12,195 tons, against 18,277 tons a year ago.

RICE.—Firm conditions have been obtained in the London market and prices have improved. The spot price of Burma No. 2, cleaned, new crop, was 9s. per cwt. ex warehouse on Wednesday, as compared with 8s. 6d. per cwt. a week ago. "August-September" in singles to Continent and U.K. was quoted at 8s. 1½d. per cwt., against 7s. 10½d. last week. Movements in London during the past week were as follows: Landed, 596 tons; delivered, 277 tons; stocks, 2,627 tons, against 10,031 tons a year ago.

SUGAR.—Both the London and New York markets have been quiet, with prices unchanged. The spot price in New York on Wednesday was 3-65 cents per lb., as compared with 3-65 cents per lb. last week and 3-70 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at 4s. 5½d., against 4s. 5½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 11,467 tons, against 8,220 tons last week and 9,858 tons in the same week of last year; deliveries, 14,465 tons, against 25,152 tons last week and 7,931 tons last year; stocks, 113,614 tons, against 116,612 tons last week and 143,907 tons last year.

TEA.—The quantities catalogued for the public auctions which were resumed in Mincing Lane this week comprised 29,205 packages of Indian and 24,197 packages of Ceylon tea. The tone generally was good, but some irregularity was apparent both in Indian and Ceylon descriptions.

VEGETABLES.—Supplies of vegetables have been plentiful this week, says *The Fruitgrower's* report. Tomato prices are well maintained, but cucumbers have eased. Cabbages and marrows are much cheaper. Runner beans, though very abundant, are fetching good prices. All imported onions are, however, easier. Outdoor mushrooms have declined in price. Business in potatoes at the various London markets has been moderate, with prices steady. At the London Borough Market on Tuesday, King Edward made 5s. 6d. to 6s. 6d. per cwt., the same as last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—After a period of excitement and rising prices, oilseeds have taken an easier turn. Linseed, on expectations of a considerable reduction in the yield in the United States in consequence of drought, had remained firm, but with easy conditions in wheat prices declined in spite of an official crop report which fully confirmed market ideas as to deterioration. This report gave the condition on August 1st, at 31-6 per cent. of normal—comparing with 55-8 per cent.

a month before and 71-85 a year ago; and an estimated yield around six million bushels as against 9,480,000 bushels on July 1st. Thus a probable output of 237,000 tons a month before has been reduced by one-third, so that 150,000 to 160,000 tons is all that is expected. The reduction and the probable extent of the U.S. call on foreign sources to make up the deficiency had already been discounted.

Shipments from Argentina are not so large, but the quantity on passage to Europe has been increased to 160,800 tons, including 41,100 tons from India. The available exportable surplus in Argentina has been reduced to 392,000 tons, which with 68,000 tons expected from India gives a total of 460,000 tons, as against 702,000 tons actually shipped in the remainder of 1935. A fair business in Calcutta to Hull and from the Plate to the Continent was done last week to cover immediate wants. Linseed oil has also eased, and raw oil for August and September-December delivery has declined to £27 per ton (naked) ex Hull. Cotton seed is quieter

following the American Bureau report of the cotton crop. Oil on spot is scarce and quotations are maintained. Business in new seed oil has not yet commenced. Shipment of the new Egyptian cottonseed is expected to begin early in September.

RUBBER.—During the past week the market has again had a dull tone. Quotations in New York are a shade easier, but London rates are practically unchanged on the week. The spot price in New York on Wednesday was 16½ cents per lb., compared with 16½ cents per lb. a week ago and 16½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. for "October-December" shipment, as against 7½d. to 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 112,243 tons, against 113,312 tons a week earlier. A year ago stocks amounted to 175,201 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, August 12th		The prices in the following are revised with the assistance of an eminent firm in each department.		s. d. s. d.	
CEREALS AND MEAT		POTATOES—		WOOL—	
Wheat—		English King Edward	per cwt.	5 6 6	
No. 2, N. Man. 496 lb.	39 3	SPICES—			
Eng. Gaz. av. per cwt.	7 8	Pepper, per lb.—			
Barley, Eng. Gaz. av. ...	7 3	Black Lampung	0 2½		
Peas	6 6	White Muntok	0 4½		
Maize, La Plata, landed,		Cinnamon—1st sort, per lb.	0 8½		
480 lb.	26 3	Cloves—Zanzibar per lb.	0 8		
Flour, Lon. stan. ex mill,		Ginger—per cwt.—			
280 lb.	32 3	African	65 0		
Rice, No. 2 Burma, per cwt.	8 1½	Jamaica, ord. to good	60 0		
MEAT—		Mace—per lb.	1 2 2		
Beef, per 8 lbs.—		Nutmegs, 65's	0 11½		
English long sides	4 0 4 10	SUGAR—			
Argentine chilled hinds	3 10 4 4	(Duty, 11/8 per cwt.)			
Mutton, per 8 lbs.—		Centrifugals, 96", prpt.			
English wethers	5 0 6 8	shipp., c.i.f. U.K./Cont.	4 6		
N.Z. frozen	3 0 3 8	B.W.I., crystallised	16 6 18 9		
Lamb, per 8 lbs.—		Java, white, c. & f. India			
N.Z. frozen	4 8 5 6	Oct-Dec.	Nominal.		
Pork, English, per 8 lbs.	5 0 5 6	REFINED—London—			
		Yellow Crystals	17 7½		
		Cubes	21 10½		
		Crushed	20 0 20 1½		
		Granulated	18 0 18 10½		
		Home Grown	17 9 18 1½		
		TEA—			
		Indian—per lb.—			
		Pekoe	0 11½ 1 4		
		Broken Pekoe	0 11½ 1 9		
		Orange Pekoe	1 0 2 4½		
		Broken Orange Pekoe	0 11½ 3 0		
		Ceylon—per lb.—			
		Pekoe	0 11½ 1 9		
		Broken Pekoe	0 11½ 1 1½		
		Orange Pekoe	1 0 1 10½		
		Broken Orange	0 11½ 1 7½		
		TOBACCO—			
		(Duty, 9/8-10/6½ per lb.)			
		Empire growth, 7/5½			
		8/9½ per lb.			
		Virginia leaf—			
		Common to fine	0 8 2 6		
		Rhodesian leaf	0 8 1 10		
		Nyasaland leaf	0 7 1 4		
		East Indian leaf	0 5 1 4		
		strips	0 6 1 6		
		TEXTILES			
		COTTON—			
		Mid-American	6-92		
		Sakellariadis, f.g.f.	11-06		
		Yarns, 32's twist	11		
		80's twist	17		
		PLAX—			
		Livonian ZK	60 0		
		Pernau HD	nominal		
		Slanetz Medium 1st sort	71 0		
		HEMP—			
		Italian P.C.	70 0		
		Manilla, Aug-Oct. "J 2"	28 15		
		Sisal, African	24 10 26 10		
		JUTE—			
		Native 1st mks.	per ton		
		c.i.f. H.A.R.B.			
		Aug-Sept.	£17/12/6		
		Daisee 2/3 c.i.f. Dundee			
		Oct-Nov.	£17/0/0		
		SILK—			
		Canton	4 3 6 9		
		Tussah	3 6 4 6		
		Japan	7 0 7 9		
		Italian—raw, fr. Milan	7 6 11 0		
		U.S. bladders	56 0 64 0		
		per cwt.	57 6 58 6		

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations unless otherwise stated)

	Aug. 14, 1935	July 15, 1936	Aug. 5, 1936	Aug. 12, 1936
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	11-55	13-43	12-59	12-60
Cotton, middling, spot, per lb.	11-55	13-43	12-59	12-60
Rubber, smoked sheet, spot, per lb.	11-55	13-43	12-59	12-60
Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Copper, "Electrolytic," Domestic, spot, per lb.	7-62½	9-02½	9-27½	9-40
Copper, "Electrolytic," Export prompt, per lb.	7-85	9-25	9-50	9-62½
Spelter, East St. Louis, spot, per lb.	4-50	4-75	4-80	4-80
Lead, spot, per lb.	4-20	4-60	4-60	4-60
Tin, "Straits," spot, per lb.	48-75	44-12½	42-75	41-37½
	(a) Nominal.	(b) July futures.	(c) September futures.	

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SPAIN—AND BRITAIN

Yet another week of barbarous hostilities has passed in Spain; and still the only certainty is that the struggle will be bitter and protracted. At the end of last week the rebel General Franco's southern force, supported by thousands of black troops transported from Spanish Morocco, captured Badajoz; and the victory was celebrated by the wholesale execution of about 2,000 of its defenders. This has roused the passions of the Spanish Government's supporters, and they have also begun to execute prisoners.

The civil war in Spain has thus given Spain's Moorish subject population on the African side of the Straits of Gibraltar an unlooked-for opportunity to take revenge upon its European masters. The massacre of the citizens of Badajoz at the hands of Moroccan mercenaries in 1936 of a swift and terrible retort to the overthrow of the Rifi is a far greater portent than the annihilating defeat which Abd-al-Karim had previously inflicted, in 1921, upon a Spanish army under the command of the unfortunate General Silvestre; for fifteen years ago it was at any rate on Moroccan ground that the Spaniards suffered their defeat by the Moors, whereas to-day we see Moors massacring Spaniards in Spain itself.

In other parts of the battle area, rebel warships have been co-operating with the rebel land forces in Guipuzcoa in an attack on San Sebastian, with the aim of securing a seaport in the north; but so far without avail. Asturias is still in the hands of the miners' associations; the Government forces have extended their front from Catalonia until Saragossa, the arsenal stronghold of the rebel General Mola's northern forces, is almost surrounded; and in the south-east the Government's levies have pushed forward in Teruel and southward from Valencia. Stories of pressure on Madrid and of food shortage in the capital are apparently exaggerated.

Meanwhile, every day that passes, even if it brings news of rebel progress, also brings evidence of the lack of popular support for the rebels in the districts they command; sabotage and guerrilla warfare in their rear are

evidently taking place; and the report that the white rebel officers have to disarm their own black troops except during action itself emphasises the strategical disadvantages of small numbers and a hostile terrain under which they are conducting their criminally reckless campaign. It is a savage tragedy which they have staged in their motherland; and their own acts have ensured that a revolt which has quickly become a civil war will be contested, to the point of extermination, with the utmost brutality on both sides.

This week, however, even the most unimaginative and indifferent foreign observer must have been made aware of the extreme gravity of the issue which the Spanish rebellion has raised for Europe as a whole. During the week British, French, Italian and German aeroplanes—the British machines were civil craft capable of rapid conversion for bombing purposes—have been arriving in Spain upon one pretext or another; and this despite British, French and German official declarations that the transactions were frowned upon. As we write, there is still no reply from Signor Mussolini to the French Government's proposal for an effective agreement among the chief European Powers concerned to abstain from active assistance to either side in Spain. The British, French, Russian, Polish, Swedish, Belgian and Portuguese governments have agreed to it; but the German Government has suspended its reply in order to force the Spanish Government to lift its naval blockade in certain waters.

On this point it is high time some plain speaking took place—to the British as much as to the Italian, French and German Governments. As we pointed out in our leading article a fortnight ago, so long as none of the countries concerned officially recognises the rebels in Spain as belligerents, all those States are legally bound not to lend the rebels any aid or succour—unless they are prepared to levy war on the Spanish Government itself. "Rebels, as outlaws, have no rights." If, therefore, the objective of all these Powers is an agreement to lend no aid to either side it is, in effect, a voluntary undertaking

by the democratic Powers to refrain from lending perfectly proper aid to a friendly and constitutionally appointed Government—for the sake of European peace. This is a very great surrender by the Western Powers. It means taking the risk of a further encroachment of the dictatorships which, if they continue to extend and to combine, may become an increasing menace to freedom everywhere. But it also means a possible menace to vital French and British interests.

Such a self-denying ordinance could, therefore, only possibly be justified on the assumption that the embargo on aid to either side is completely effective; and also that it is comprehensive. For the Abyssinian story—as well as the experience of the past month—clearly shows that petrol and coal supplies may turn the scale as effectively as guns or bombing planes. What is the chance that any effective list of warlike stores will be agreed upon by the Powers concerned? The experience of the League's Sanctions Committee is still too painfully fresh in our minds to warrant sanguine expectancy that a complete ring can be maintained around Spanish territory without an effective blockade. Even in international law, a declaration of blockade does not suffice; to be legally binding a blockade must be effective.

Yet the attitude of the Powers at the end of this week is hardly in keeping with absolute neutrality—still less with friendliness to the properly constituted Government of Spain. Germany has entered an emphatic protest against the searching of a German vessel by a Spanish Government cruiser, has ordered her warships to take even forcible steps to prevent similar action in future, and is apparently to demand an indemnity—and this in spite of the fact that the Spanish Government, as it was obviously entitled to do, had declared a blockade of certain waters and was engaged in enforcing it. It would be strange doctrine to deny a Government the right to enforce a blockade against rebels seeking to overthrow its authority, unless and until other Governments choose to regard these rebels as "belligerents"!

Sir Samuel Hoare, on the other hand, has announced the British Government's decision to ban the export to Spain of all forms of arms and munitions contained in the Arms Export Prohibition Order (1931). This includes civil aircraft, whether flown to Spain or sent whole or in part by ship. Exporters must even satisfy themselves that such exports are not going to other countries which might tranship them to Spain. While this might have been suitable action as part of an agreed international neutrality plan, it has, in fact, an anti-Government bias so long as the Fascist powers continue to allow their nationals to send aid to the rebel forces.

Nevertheless, it remains true that our interest—no less than our duty as a democratic Power—incline us to the side of the Spanish Government. Indeed, even those who are most afraid of the "red" complexion of that Government's supporters must realise that the more they are denied sympathy and support by other democratic countries, the more "red" the anti-Fascist forces are likely to become.

But perhaps the consideration most likely to appeal to Mr Baldwin and his colleagues is the strategical situation in the Western Mediterranean and the traditional attitude this country has long adopted towards the ambitions of Germany and Italy in that region. Some highly relevant facts in this connection are recalled in a Note on page 343. Conservative and Liberal statesmen in the past have not hesitated to assert the predominance of British and French interests in Spain and in the African littoral. And, on Wednesday, the compelling voice of General Smuts from South Africa urged these considerations on the British Government.

We see nothing hypocritical in a stout defence of our own interests when they coincide with duty and good sense. Unless the British Government show without delay that they are prepared to act, together with the French and other Governments, in upholding the international rights of democratically elected Governments, the success of the rebels' violence in Spain may prove merely a prelude to the forcible successes of dictatorships throughout the length and breadth of that Continent to which we ourselves are indissolubly joined.

THE PRESIDENTIAL CAMPAIGN

SINCE the Presidential campaign opened with the party conventions and the acceptance speeches of candidates, Mr Landon and Mr Roosevelt, the war between the parties has been a series of skirmishes, and the candidates themselves have more or less retired from direct action. President Roosevelt is waiting for the first rush of Republican zeal to exhaust itself, and Governor Landon is hoping that the Republican turn of the tide will continue right up to the election and carry him to the White House without any open aggression on his part. Practically all the "straw" votes so far taken suggest that at present the parties are more nearly equal than at any time since the Democrats were returned to power, and that if the election were held now Governor Landon might even obtain a majority in the electoral college, if not in the popular vote. It is more significant that the borderline States which are at present inclined to be Republican are those with the largest electoral vote, and that a slight swing of one of these States towards the Democrats would give Mr Roosevelt victory, while a swing in all of them would produce a Roosevelt landslide. It seems reasonable tactics therefore for Mr Roosevelt to hold back his main attack with the aim of converting some or all of these States on the eve of the election; and Mr Landon is probably playing his best hand by trying to antagonise nobody, and hoping that his opponents will make a serious mistake.

Mr Landon's acceptance speech added nothing to the country's knowledge of the man, or his programme. The compromise platform drawn up by the Republican Convention made it difficult to see whether the Progressives had really defeated the Old Guard, or whether the old policies were merely disguising themselves in Progressive clothing for the sake of the election. The candidate's own statements on the constitutional amendment, the civil service and the gold standard suggested that he was determined to control his own destiny. But the only additional clarification of his policies was drawn from him by the Socialist candidate, Mr Norman Thomas. The Governor had said that he favoured the right of labour to organise without interference from any body. This, in fact, was the formula generally used by the industrialists to prevent labour organisers from coming into any industry or factory from the outside, and to buttress the company-controlled union. It was only when challenged that the Governor stood up for the right of labour to organise itself.

President Roosevelt, on the other hand, made one of his most effective speeches in acceptance of his party's nomination. He declared that the American Revolution was fought to win freedom from political autocracy; that in the subsequent years economic royalists had carved out for themselves new dynasties, and that the organised power of the Government must be used to protect citizens from the new economic tyranny. This attitude has naturally been attacked on the ground that it spells an end to political and economic liberty, and that the true remedy for economic tyranny is for the Government not to enhance its own power but to restore the rules of free, small-scale, competition, and merely hold the ring. This is a difficult argument to maintain, since it has yet to be proved that Government control can be fully removed from industry in existing circumstances in the United States. Any programme formed along these lines automatically becomes suspect as a mere attempt to avoid effective Government regulation of industry, rather than a serious alternative. This is doubtless why many American observers feel that although the Republican Party profess an equal desire to that of the Democratic Party to prevent economic abuses, the spirit is not in them; whereas, however numerous the mistakes that may have been made by President Roosevelt, he really understands the problem of the day, and is emotionally as well as intellectually determined to find the solution. Many seem to expect that, however sincere Governor Landon may be, if he were returned as President, control of his policies would rapidly be taken over by the Eastern Old Guard. His voice, they say, may be Jacob's voice, but the hands are the hands of Esau.

Vice-President Garner, another Democratic candidate for re-election, has so far been silent, but his counterpart on the Republican side, Colonel Knox, is waving the firebrand

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of Old-Guard Republicanism, and obviously enjoying his attacks on the New Deal. This is a convenient division of labour, which leaves Mr Landon free to express his sympathies with many of the New Deal's functions—though not, of course, with the manner in which they are implemented by the Democrats.

In the political field there are two other items of major relevance to the outcome of the election. The more important is the Trade Union quarrel and the emergence of Mr John L. Lewis as the pro-Roosevelt leader of an aggressive industrial unionism. But the more irresponsible Lemke-Coughlin-Smith-Townsend combination—whose policies include inflation, pensions for practically everybody, the wealth shared, every man a king, and no truck with Communism—may have a decisive effect in a few States if it succeeds in tilting the electoral scale away from one major Party toward the other. The Republicans hope that the Democrats will suffer more than themselves; but it remains to be proved whether those who now shout for this new Union Party will desert their old allegiances when the time comes to vote.

It is difficult to tell which party will benefit from the chief economic developments of this year: the drought and business recovery. The drought, like the floods earlier in the year, provides an excellent example of the necessity to prevent disaster and starvation by Government intervention, whether by civil engineering works, reforestation, and soil erosion control, or by regulation of production and prices. This obviously puts the Republicans at a disadvantage, since they feel that they too must advocate relief for the farmers if they wish to win the farming vote. Any attempt on their part to assert that the responsibility should be shouldered by the separate States is countered by the Democrats with a reference to Kansas, and a suggestion that the policies preached for Washington should be practised at Topeka.

The rôle of business recovery is difficult to estimate. Normally, a prosperous America tends to be Republican, and the easing of the economic strain of depression should proportionately weaken the force of the New Deal arguments. But the erratic unemployment statistics suggest that recovery has not yet been accompanied by a parallel increase of employment. Many millions of voters are still dependent upon Federal relief, and the switch-over to Republicanism may not occur by November. Many of the business men who supported Roosevelt in 1932 under the panic effect of the depression have, of course, already returned to their natural faiths. But doubtless the President will do everything possible to base his election, not merely on the claim that he has induced a business recovery, but that he has also controlled recovery so as to promote economic reform, and that a reversion to the old Republican faith would be a return to the disastrous regime which culminated in the Great Depression.

There remains one other possible influence. Should political developments in Spain embroil Europe in growing difficulties, there would develop a struggle in America between the desire to trade and the desire to avoid entangle-

ment with the European Powers. Even if this complication does not arise, the campaign has all the signs of growing fierceness. The outcome of the election is clearly by no means as certain as it appeared six months ago. Landon has great hopes; but the President still has the odds.

MOVEMENTS IN FOREIGN TRADE

FOREIGN trade has for long been the weakest link in the chain of British recovery. The total of imports, it is true, has been well maintained, but the measures which have been taken to divert the purchases of the British market from one group of countries to another have had serious effects, and can hardly fail to have still further effects in the future, on the volume and character of our exports. The failure of exports to recover to their pre-depression level is responsible, directly or indirectly, for the great mass of abnormal unemployment in the country, especially in the depressed areas. In recent months this weak link in the chain has appeared to be weakening still further, for the previous rate of recovery in exports, inadequate though it was, has very perceptibly slowed down. The July figures (analysed in a separate Note on page 346) show large increases both in the total of exports and also in some of the commodities which have been most conspicuously lagging behind. It is to be hoped that this heralds a change in the trend, but it would be foolhardy to base any conclusions on a single month's figures.

The table below gives particulars of imports from, and of exports to, European countries and their extra-European dependencies in the first six months of recent years:—

TRADE WITH EUROPEAN COUNTRIES

First Half-Year
(000's omitted)

From or to	Imports				British Exports			
	1929	1933	1935	1936	1929	1933	1935	1936
Soviet Union	£ 8,738	£ 5,092	£ 6,759	£ 5,974	£ 1,713	£ 2,182	£ 1,735	£ 1,572
Finland	4,931	4,280	5,374	6,713	1,656	1,148	1,940	1,708
Latvia	2,510	1,038	1,351	1,377	561	324	502	568
Norway	10,740	6,181	7,485	8,779	5,019	3,113	4,539	4,808
Denmark*	8,924	3,323	4,155	4,315	4,325	2,521	3,127	3,481
Poland*	25,809	17,280	15,040	15,637	4,906	5,666	6,961	7,179
Germany	2,976	2,954	3,006	4,499	2,123	1,255	1,988	1,988
Netherlands*	31,960	13,415	13,974	15,499	18,528	6,877	10,748	1,941
Belgium*	29,273	15,650	19,196	20,122	15,918	7,286	7,273	7,341
France*	32,198	10,063	12,190	14,699	18,631	11,516	10,145	10,335
Switzerland	6,626	2,444	2,504	2,815	3,327	1,869	2,118	1,871
Portugal*	2,286	1,295	1,537	2,008	4,151	2,571	3,664	2,348
Spain*	11,937	7,494	7,035	8,241	6,719	2,956	3,454	2,752
Italy*	8,087	4,374	3,930	97	8,207	4,552	4,440	785
Austria	1,147	547	797	966	1,273	411	671	853
Czechoslovakia	3,048	1,150	1,669	2,540	1,119	395	1,411	1,863
Greece	812	631	474	458	2,373	968	1,411	1,863
Romania	777	2,049	1,466	1,914	1,194	1,200	679	400
Other European Countries	2,330	2,122	3,447	4,545	1,887	659	2,038	2,142
Total	214,535	107,511	119,094	130,195	114,640	62,809	72,457	68,252

* Including Dependencies.

The most notable feature of this table is the drastic reduction in trade with Italy. Imports have almost disappeared, while exports have been cut down to less than 6 per cent. of their 1935 value. If Italy is left out of account, total imports from Europe have increased from £115,164,000 to £130,098,000, while exports have fallen from £68,017,000 to £66,012,000. The increase in imports is fairly general, only Russia and Greece having failed to benefit from it. Imports from Finland and Roumania were actually higher in the first half of 1936 than in the same period of 1929, while the small countries included in "Other European Countries" are now selling us almost twice as much as seven years ago. The largest increases under this head are shown by Lithuania, Hungary and Yugoslavia. There is rather greater variety of experience in exports to European countries. Most countries show declines, but the Scandinavian and Baltic countries are conspicuous exceptions. The second table shows figures of trade with foreign countries outside Europe:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE
First Half-Year
(000's omitted)

From or to	Imports				British Exports			
	1929	1933	1935	1936	1929	1933	1935	1936
Turkey	£ 912	£ 322	£ 399	£ 350	£ 1,508	£ 779	£ 448	£ 541
Egypt	13,302	5,798	6,198	6,592	6,484	3,131	3,238	3,904
Iraq	697	121	758	1,078	1,284	1,028	1,006	981
Iran	4,301	3,900	4,174	3,649	1,093	421	1,414	1,123
China	5,458	2,036	2,342	2,924	7,474	3,206	2,703	2,732
Japan	4,307	3,394	4,589	4,901	6,423	2,537	2,240	1,785
United States*	100,897	34,778	37,121	44,484	22,839	7,770	10,469	12,943
Cuba	3,247	1,440	1,540	2,123	1,170	341	474	502
Mexico	1,409	1,461	1,849	1,511	1,214	698	734	675
Colombia	1,283	556	207	430	1,915	1,177	1,023	1,071
Peru	2,043	1,568	1,285	1,413	1,012	374	519	587
Chile	5,581	1,973	3,317	2,881	3,853	258	893	880
Brazil	3,009	2,411	4,119	4,341	7,299	3,170	2,445	2,127
Uruguay	3,328	1,700	1,722	2,400	1,704	805	684	850
Bolivia	3,198	715	1,778	1,770	318	213	49	90
Argentina	40,983	21,922	22,187	20,834	14,014	6,352	7,304	7,502
Other Non-European Countries	6,229	4,532	2,934	3,654	5,820	2,879	2,509	2,198
Total	200,177	88,627	96,417	105,333	85,204	35,139	38,150	40,521

* Including Dependencies.

Much the same changes are evident here as in European trade. Imports show a considerable increase, while exports are very little better than a year ago. Particularly noticeable, on both sides of the account, is the increased volume of trade with the United States; the total of imports and exports, which was £47,590,000 in the first half of 1935, has increased to £57,427,000 this year. Moreover, the proportionate increase has been greater in our exports to than in our imports from the United States. In the case of Argentina, however, which is the second most important country in the table, our imports are lower by £1,353,000, while our exports are higher by £198,000. In view of the fate of the Roca Agreement, and the apparent difficulty in producing an acceptable substitute, it is extremely unlikely that our trade with Argentina will continue to show this contrast to the trend of our trade as a whole.

The next table gives details of our trade with the Dominions and Colonies:—

TRADE WITH BRITISH COUNTRIES—FIRST HALF-YEAR
(000's omitted)

From or to	Imports				British Exports			
	1929	1933	1935	1936	1929	1933	1935	1936
Irish Free State	£ 19,480	£ 8,140	£ 8,417	£ 9,144	£ 17,212	£ 9,119	£ 9,921	£ 10,309
West Africa	6,963	3,746	4,624	6,052	5,832	3,134	4,016	4,902
South Africa	12,959	7,839	6,447	7,213	16,244	10,567	15,748	17,968
India and Ceylon	38,155	18,876	23,147	28,922	43,250	17,476	20,235	18,307
Straits Settlements	6,171	1,789	4,047	2,904	6,499	2,118	3,039	2,925
Australia	32,853	25,374	30,085	32,259	25,241	9,991	13,402	14,778
New Zealand	32,709	22,212	23,042	26,151	9,551	4,351	5,935	6,928
Canada	21,686	20,414	24,139	31,884	17,903	7,204	9,537	10,740
West Indies	2,862	2,743	3,596	3,978	2,251	2,222	2,147	2,308
Other Possessions	18,244	12,518	16,310	17,768	14,815	11,159	11,836	11,923
Total	190,082	124,231	143,864	167,273	158,898	77,341	95,866	101,118
Excluding the Irish Free State	170,582	116,091	135,447	158,129	141,686	68,222	85,945	90,809

Here there is substantial progress on both sides. Imports are higher by £23,409,000, or 16.3 per cent., while exports

are £5,252,000, or 5.5 per cent., higher. Malaya has both bought and sold less, while lower exports of cotton goods from Lancashire to India have resulted in a reduction of India's total imports of British goods. With these exceptions, every exchange of trade shows an increase.

These tables shed a certain amount of light on the movement of British trade. In particular, it is possible to derive from them some conclusions about the causes of the recent hesitation of British exports. But the tables as they stand are not best adapted for this sort of comparison, for only the British countries enjoy a substantial uniformity of currency conditions. The other two lists include depreciated currencies, gold bloc currencies and countries with restricted currencies. Accordingly, we have made a separate arrangement of the figures of British exports for the first six months of 1935 and 1936, dividing the countries of the world according to the nature of their currencies. The first group consists of the gold bloc—France, the Netherlands and Switzerland, together with the colonial dependencies of the first two. The second group consists of all countries with devalued or depreciated, and substantially unrestricted, currencies. It therefore includes the whole British Empire, the sterling bloc, and such foreign countries as the United States and Japan. The third group consists of those European countries which have chosen to restrict currency transactions rather than devalue their currencies. Lastly, Latin America is considered as being *sui generis*, since most of its currencies are both depreciated and restricted. The results of this rearrangement are shown below:—

BRITISH EXPORTS, 1935-36

	First 6 months		Change
	1935 (£'000)	1936 (£'000)	
Gold bloc	19,536	19,547	+ 0.1
Depreciated and devalued:—			
(a) British countries	95,866	101,118	+ 5.5
(b) Other countries	36,372	38,506	+ 5.9
European restricted countries	25,886	20,026	- 29.3
Latin America	14,379	14,492	+ 0.8

This table suggests that the cause of the recent failure of British exports to advance as rapidly as before is to be found in the circumstances of our customers rather than, as has been suggested, in any such rise in British costs as would make the pound sterling overvalued. For if there had been such a rise it would presumably have made the pound overvalued relatively to such currencies as the dollar and the belga as well as to other currencies. But exports to the countries in the "depreciated and devalued" group have increased, whether those countries are members of the sterling bloc or not. It is interesting to notice that the ratio of increase in exports to the non-British countries in this group is slightly higher than to the Empire. The only decline, and that a large one, is to the European restricted countries. Most of this, of course, is accounted for by the fall in trade with Italy, but even if Italy is left out of account, British exports to these countries show a decline. The last table sets out the course of our re-export trade:—

RE-EXPORTS—FIRST HALF-YEAR

To	(000's omitted)			
	1929	1933	1935	1936
Soviet Union	£ 1,064	£ 475	£ 2,539	£ 5,785
Germany	14,258	5,112	4,248	3,874
Netherlands*	2,424	1,065	1,270	975
Belgium	5,462	2,547	2,763	2,527
United States*	11,207	4,611	3,943	4,688
Other foreign countries	9,111	3,515	3,641	4,724
Irish Free State	5,950	3,161	5,257	4,725
Other British countries	4,941	2,190	2,340	2,369
Total	60,562	25,208	28,844	32,407

* Including Dependencies.

The degree of recovery shown is encouraging and surprising, in view of the continued trend in the world towards purely bilateral trade. Compared with the 1929 figures, however, this section of our trade is still very depressed.

THE OUTLOOK FOR COPPER

It is a sign of a healthy market when rising prices march *pari passu* with increased production. The standard cash quotation for copper stood at £37 18s. 9d. on Thursday, August 20th, compared with an average of £37 5s. 1d. for July and £34 14s. 11d. for last January. The latest increase, which recently carried the quotation to the highest level for over three years, occurred after an announcement that the production quota of the three countries—Chile, the Belgian Congo and Rhodesia—which co-operate in the International Copper Scheme, was to be increased, as from August 1st, from 70 to 75 per cent. The decision was taken deliberately, in order to check any unduly rapid advance in copper prices, to discourage speculation and to ensure adequate world supplies.

It is clear that, although the average price of copper for 1936 will exceed £35, against a little under £32 in 1935, it will be less than half the average of nearly £75 10s., realised in 1929. The contemporary willingness of those concerned to increase production can therefore be regarded as an explicit and convincing recognition of the far-reaching internal change which has occurred in the industry during the last six or seven years. With the causes of this change we have already dealt in earlier issues of the *Economist*. On May 19, 1934, for example, we showed that the potential world output of copper had doubled, since the pre-war years, as a result of the rationalisation of mining and refining and the development of new producing countries. The position was complicated by the retirement of the United States behind a prohibitive 4 cent tariff wall, and by the simultaneous advance of "low cost" areas in Rhodesia, the Belgian Congo, Canada and Chile. A producer's war was postponed, if not altogether obviated, by the putting into force, on June 1, 1935, of an international scheme.

The results of this scheme can now be judged in the light of nearly fifteen months' experience. The verdict on its working has undoubtedly been favourable. Unlike earlier schemes, for which the "high cost" producers of the United States were wholly or mainly responsible, it has been shown to be less concerned with the raising of prices than the stimulation of consumption.

Although Canada did not adhere to the scheme, her important copper producers—International Nickel and Noranda—have maintained a friendly attitude. In the first five months of 1936, Canada's copper output was no more than 87,108 short tons, against 89,698 short tons in the corresponding months of 1935, although the nickel output of the Dominion showed an advance of over 32 per cent. in the same period. In view of the intimate connection between the production of the two metals in Canada, it would appear that the leading Canadian producer, International Nickel, has been mining ores with a considerably lower copper content this year than last.

The statistical position of the industry in 1928-29 and the last four years is set out in the following table:—

PRODUCTION, CONSUMPTION AND PRICES OF COPPER
(In thousands of long tons)

	1928-29	1932	1933	1934	1935
Mine Output:—					
Belgian Congo	125	54	66	110	106
Northern Rhodesia	5	75	104	143	145
Chile	296	102	166	253	267
Canada	102	112	135	164	185
Rest outside U.S.A.	436	309	339	357	407
U.S.A.	856	228	210	207	320
World Total ...	1,820	880	1,020	1,234	1,430
Consumption:—					
Great Britain	155	129	150	225	260
Germany	250	187	220	288	275
France	135	84	110	95	110
Japan	82	71	80	111	130
Rest outside U.S.A.	320	229	295	353	420
U.S.A.	1,000	305	345	372	470
World Total ...	1,942	1,015	1,300	1,444	1,675
Average Prices:—					
Standard	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
London, per long ton	75 9 7½	31 14 7½	32 11 4	30 6 4½	31 18 0½

Sources: Output and Consumption, Messrs. Brandeis, Goldschmidt & Co., Ltd.
Prices: Official L.M.E. Averages.

Family provision scheme

A scheme to secure a Capital Sum payable at death and a regular income over a period of years for dependants in the event of early death, at a cost which is little more than that of ordinary life assurance. It is readily adaptable, and rates will be quoted on application for policies to suit the needs of each individual.

Write for prospectus to the Manager

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Established 1844 Funds exceed £23,000,000

Despite the restriction scheme, the world's output of copper rose significantly in 1935. In Rhodesia, the Belgian Congo and Chile the curtailment of output effected in the last seven months of the year was not sufficient to compensate for the increase registered during the preceding five months. Although these three countries will show a moderate reduction in their total output for the current year, a calculation based on the published quota figures suggests that their combined output will exceed 435,000 tons, against 518,000 tons in 1935. The total will be increased if, as is possible, there is a further raising of quotas before the end of the year. Altogether, however, there is a strong presumption that rising production in non-restricting areas will more than offset the moderate decline in the restricting countries, and that world supplies in 1936 will be little lower than in 1935.

In spite of—or, perhaps, because of—the liberal way in which restriction has been operated, confidence in the outlook for the metal has steadily strengthened. At the same time, the statistical position has improved. As our table shows, last year's consumption, outside the United States, was 133,000 tons higher than in the preceding year and exceeded production in 1935 by 95,000 tons. In the present year, production outside the United States has been practically stationary, while consumption has further advanced by about 10 per cent. Copper stocks, consequently, have declined. The total stocks in warehouses recognised by the London Metal Exchange—the only "visible" and "free" stocks in existence outside the United States—totalled 78,798 tons when the scheme was inaugurated on June 1, 1935. Four months later they had risen to 92,642 tons, but at the end of last week they were no more than 54,505 tons, including 51,600 tons of refined and only 2,905 tons of rough. A comparative scarcity of rough copper has thus already developed, and may be an additional inducement to producers to increase their supplies.

The policy pursued by certain important producers in the United States, however, has been more equivocal. The effort to secure the highest possible price, at any cost, which wrought destruction upon Copper Exporters, Incorporated, has never been really abandoned. The old game of cat and mouse between producers and consumers still goes on, and sales of copper show disturbingly wide fluctuations from one month to another. The domestic price of copper has already been raised this year, first to 9.25 cents, and subsequently to 9.75 cents a pound. Any further increase, say to 10 cents, would accentuate the existing tendency to hand-to-mouth buying by consumers. It is significant that copper consumption in America, last year, was still more than 50 per cent. below the level of the boom years, though the rest of the world consumed 28 per cent. more copper last year than in 1928-29.

At the moment, there are indications of a difference of opinion between the supporters of higher prices (the Anaconda and Phelps-Dodge groups) and Kennecott (i.e. the Guggenheim group). It is reported that Kennecott intends to increase its production, from September 1st next,

in order to check an unhealthy increase in the American domestic price. Such action would be welcome, but it is doubtful how much can be read into it. The Guggenheim group refused at first to co-operate when Anaconda and Phelps-Dodge increased their prices last February. It came into line, however, two months later, and raised no objection when the price was subsequently increased to 9.75 cents. Whether it will hold out in the present instance, therefore, is uncertain.

Fortunately for the successful working of the international scheme, the American copper market is now so largely insulated from the rest of the world that no untoward developments inside it can seriously threaten the general position, so long as present arrangements endure. American exports of copper now consist chiefly of metal treated by American Customs smelters from foreign ore. It was agreed last year that exports of domestic metal should not exceed 8,000 tons a month, and this agreement might be valuable if unduly high domestic prices induced something of a "buyers' strike" in America.

HOW TO RUN THE RADIO

The Ullswater Committee on the future of broadcasting in Great Britain reported last March. The Government announced its intentions in July, but the necessary legislation has not yet been passed through Parliament. The brief period between the time when the subject of radio control ceased to be sub judice and the time when, for ten more years, it becomes chose jugée, has thus not entirely elapsed. It can still be regarded as a matter of Urgent Public Importance—the more so on the eve of the radio industry's annual exhibition. We are, therefore, going over to our Radio Correspondent for a short talk on "How to Run the Radio."

THERE are usually considered to be two alternative systems of controlling, or not controlling, radio broadcasting. On the one hand there is the British system of complete monopoly. One says "British," although it is almost universal in Europe, because it is in Great Britain that it has found its highest expression. The results of that system we know. Everything is in the best of taste. Indecorum is unthinkable. The programmes are arranged as a whole by men of enlightened purpose and clear perception. One hour of Music Hall is duly balanced by twenty minutes of elementary Spanish. The public is not allowed to satiate itself on the banalities of Bach or Beethoven without a compensating admixture of the more up-to-date composers, such as Honegger or Bartók. News is dispensed, not to interest the many, but to inform the cultured few. Above all, the supreme purpose of a broadcasting system is served: the Sabbath is not desecrated. But this system, with all its advantages, suffers from a few defects. Art should be its own reward. Unfortunately, humiliating though it may be, broadcasting costs money. Since ideals are not to be chaffered in the market place, a system such as we have been describing needs to be financed by a compulsory licence duty levied on listeners, who assume (wrongly, of course, but not unnaturally) that they are entitled to some say in what they are to hear.

Another possible disadvantage is, perhaps, worthy of mention. It is just conceivable that the authorities may make mistakes. The precise balance of interests and tastes which they achieve may not be absolutely correct. The sugar coating of entertainment on the pill of education may be just a shade too thin, and the listener may switch off. It is earnestly to be hoped that some method will one day be evolved of compelling the listener to listen. In Fascist States, this has been achieved on the occasions, not too infrequent, when the Leader addresses his people. But not even there has the problem of compelling the listener, for his own good, to listen to the ordinary everyday run of broadcasts been solved. In democratic countries the solution is still in its embryo stages. When an individual item threatens to become too popular (a particular broadcaster on foreign affairs, for example, or a series of promenade concerts) it can be removed or truncated and an

innocuous programme of gramophone records put in its place. But this is a merely negative form of influence on the listener. He is still free to switch off, with or without profanity.

This being so, ideals have to be tempered with caution, and it is possible that idealistic, monopolist controllers of broadcasting may be insufficiently cautious. For example, it is said that British listeners on Sunday not only switch the B.B.C. off, but go to some foreign station whose ideals and ethics are below even the weekday standard of the B.B.C. In short, a broadcasting monopoly may defeat its own ends unless it makes some concession to popularity. The defect of the British system is that it may be perfect, but unlistened-to. The nearer its approach to perfection, the fewer listeners it has. The British system reaches its logical conclusion between 10.45 a.m. and 12.30 p.m. on Sunday, when it is entirely silent.

It is a contrast to turn to the alternative, or American, system. Here everything is freedom and popularity. The Government intervenes no more than is necessary to "police the air," to prevent interference from providing more than a background obligato. The great majority of stations (and there are several hundred) are organised for programme purposes in three "chains," known as the N.B.C., the C.B.S. and (much smaller than the other two), the M.B.S. These chains have no authority to levy licence duties. They exist by the modern miracle of selling time and air. Advertisers, politicians, people with a message or a grievance, "buy time" and have the right to broadcast pretty well what they will. The people with a message or a grievance (who include the politicians) use their time to broadcast it. The advertisers are cannier. They attach themselves to some programme that is, or is presumed to be, popular, and by paying for it acquire the right to cram its interstices with their advertising matter. The advertiser, in short, is the modern Mæcenas, and the one minute out of 15 taken by his announcement is the counterpart of the dedicatory epistle.

Much has been made of the defects of this system. It is distasteful that the last echoes of the Eroica should be disturbed by an insinuating voice saying "Beethoven's mighty notes have given you a feeling of inspiration, of uplift. Science shows that great music achieves this result by its action on the gastric juices. If you want the feeling to endure, buy yourself a bottle of Schwarzenheim's Liver Irrigant. Do it now; you will find it at the corner drug-store." But the advertiser does not mean to irritate, and if he does, it is mainly due to embryonic technique. In his Press advertising the businessman has long since abandoned the attempt to base his claims on logic. He merely prints the picture of a seductive female and says "Blinkies," and the sales of that brand of cigarette go up by leaps and bounds. Sooner or later he will come to the same technique on the radio. He will merely interject the single word "Blinkies" between the joke about the Irishman called Pat and the reminiscence about a Scotsman called Sandy. The result will, with habituation, be as little offensive to the ear as most advertisements are to the eye. The other defects of dependence on the advertiser are more serious. There is such a thing as too much popularity, too much majority rule, too little Proportional Representation. If by a "straw vote," black-faced comedians are proved to be 3.715 per cent. more popular than symphony concerts, then every advertiser will demand black-face and will refuse to be fobbed off with Beethoven. The resulting monotony is familiar to every American listener.

The American system, nevertheless, has one conspicuous advantage. The competition between the "chains" does produce a much higher level of entertainment within each category than the British system of monopoly. If you like black-faced comedians, you get the best in America. If you like symphony concerts, you get Stokowski and Toscanini, with the best orchestras in the world. If you like variety entertainments, you get them served up in such a style as to make a B.B.C. "Music Hall" sound like a smoking concert in the village institute. There may be far too much of one and far too little of the other, but each is of first-class quality. For this excellence, the competition of the chains, rather than of the advertisers, is responsible. For it is the chains, not the advertisers, that discover the pro-

grammes. Moreover, the excellence of the fare provided is greatest in the "sustaining programmes," the rare unsponsored items which the chains insert at their own expense to give the listener some relief from the advertiser.

If it comes to a choice between the two systems, the British doubtless is the better. Condemned to a dictatorship of the air, and given the liberty only to choose between Sir John Reith and Pink Pastilles, Inc., one plumps, without too much hesitation, for Sir John, Sunday programmes and all. But is it really necessary to choose? Could not the merits of both systems be combined? The supreme merit of the British system is its freedom from the advertiser. The supreme merit of the American system is the excellence of

programmes which competition between the chains induces. The solution which this Correspondent suggests is, then, quite simply Duopoly. Let the State continue to collect the licence fee. Let it, if you will, own the actual transmitting stations. But let the programmes be provided by two corporations, let us say the A.B.C. and the B.B.C., competing with each other. They should share the licence revenue, and the listener might even be permitted to distribute some very small fraction of his ten shillings, as a mark of favour, to the corporation which he considers the better.

Well, there you are. Turn it over in your minds and let me know what you think about it.

Good night, everybody, good night!

NOTES OF THE WEEK

"Spanish Morocco."—If the Spanish rebel forces to-day control the African shores of the Straits of Gibraltar, that is not the work of Spanish arms or even the result of Spanish initiative. French, and not Spanish, arms brought Abd-al-Karim to bay and forced him to capitulate in 1926. Unaided, the Spaniards had proved themselves utterly incapable—politically as well as militarily—of making their authority in Northern Morocco effective. The attempt at occupation, which they had started in 1909, had been brought to a dead end by the disaster of 1921; and there is no reason to suppose that the poor Spaniards (who had recently lost the remnants of their old empire in their war with the United States in 1898) would ever have started on this new adventure in imperialism if they had not been prompted thereto by the French and British Governments for French and British convenience. The assignment of this part of Morocco to Spain was, indeed, Great Britain's condition for assenting to the seizure of the rest of Morocco by France. In the Anglo-French Declaration of April 8, 1904—which was one of the foundation stones of the Franco-British *Entente*—it was stipulated that, "in order to secure the free passage of the Straits of Gibraltar," a defined stretch of Moroccan coast along the Mediterranean and the Atlantic was to remain unfortified; and in the third of the secret articles attached to the Declaration, it was laid down that the hinterland of this stretch of Moroccan coast should become a Spanish zone of influence on condition that Spain undertook not to alienate any of the territory that was thus to be placed under her authority. Spain duly acceded to this Anglo-French agreement; and to-day she holds her zone in Morocco in virtue of a convention of November 27, 1912, which was made, not with the Emperor of Morocco direct, but with the French Government as his attorney. This buried chapter of pre-war diplomatic history is being rapidly disinterred. We trust that the British authorities are as alive to its possibilities as the German and Italian Party diplomatists have already shown themselves to be.

The Distressed Areas.—The simultaneous success of the Government's cheap money policy, and failure of its foreign trade policy, can be seen in the simultaneous existence of great prosperity in all but the distressed areas and persistent depression in those areas. As a result, the distressed areas are now the crux—one might almost say the residue—of Great Britain's economic problem. Indeed, after a great deal of discussion, two main conclusions seem to have emerged: first, that transfer is so slow a process that the areas can only be quickly revived by either a recovery of the old staple industries or the establishment of new secondary industries; secondly, that there is no overwhelming economic reason why new industries should not go to the areas. If, therefore, the Government has given up hope of a really big revival in exports, it has a special responsibility to ensure that the new industries now springing up should be located in the distressed areas. In the first place, there is an overwhelming case for so planning the whole defence co-ordination policy as to direct both

new factories and orders where they are most needed. The concentration of defence work in the special areas will not merely reduce unemployment; it will ensure that the defence programme as a whole is carried out at the minimum real cost to the nation as a whole. For if unused labour and capital are employed, costs will not be raised in the districts which are already working near capacity on ordinary business. The danger of a possible unhealthy rise in prices and costs resulting from the defence programme will be greatly diminished if orders are given to the distressed areas. And the fortunate strategic position of those areas, particularly South Wales and Cumberland, reinforces the point. The second main line of advance must be to induce other new factories to enter the distressed districts; and the most promising method will probably be to allow the special area commissioners to develop the inducements, such as trading estates and cheap finance, which they have already begun on the basis of a special study of the problem. The Government should give the commissioners every possible facility, both financial and administrative.

* * *

Another Marketing Scheme?—A draft scheme for regulating the marketing of milk products—butter, cheese, condensed milk, cream and dried milk—has been submitted to the Minister of Agriculture by the National Association of Creamery Proprietors. If approved, the scheme would come into force early in 1937. It would be administered by a Board, representing the producers of the products concerned, which would have power to regulate sales and prices, to fix production quotas and rigidly to limit the manufacture of milk products to those registered under the scheme. The principal object of the scheme is, of course, the now-familiar one of enabling a particular body of producers to obtain a "fair" price for their product—i.e. of enabling them to combine together to raise prices. In the case of milk products, however, this object cannot be achieved by the British manufacturers acting alone; for the market is dominated by imports. About nine-tenths of the butter and three-quarters of the cheese consumed in this country come from sources overseas. If and when this proposed "marketing" scheme comes into force, therefore, we shall undoubtedly witness the spectacle of the producers' Board approaching the Government with a request for a more drastic limitation of dairy produce imports. If a marketing scheme is in operation such a claim can legally be made under the Agricultural Marketing Act of 1933; and it would, no doubt, in this case be backed up by references to the advantages of a greater degree of self-sufficiency in time of war. The poorer classes of the community, however, need have no doubt of the effect of such a limitation on their own standard of living. With a marketing scheme really designed to rationalise the marketing of an agricultural product there can be no quarrel. But this latest proposal to drive up the prices of essential foodstuffs can only be regarded as a deplorable conspiracy against the public interest.

M. Blum's Achievement.—Even those who doubt the wisdom of M. Blum's refusal to devalue the franc must acknowledge the colossal legislative achievement of his first three months of office. There have been few examples in the last few years of popular majorities, democratically elected, which have fulfilled the whole of their election promises by parliamentary methods in less than three months. In their declaration of policy on June 6th the Popular Front Government announced that they would table Bills on the following subjects:—

Collective contracts; paid holidays; a plan of public works; the nationalisation of armaments; wheat control; the raising of the school age; a reform of the Bank of France, guaranteeing the preponderance of national interests in its management; an amnesty Bill; and a modification of the Laval deflationary taxes.

There must have been few observers familiar with France's recent parliamentary history who did not at the time regard this programme with a sceptical smile. Yet M. Blum was able to claim with perfect accuracy in the Chamber on Friday that the whole programme had been fulfilled. In addition, Parliament had voted a law to prevent tax evasion and the flight of capital, a law to assist small businesses, and other lesser measures. Some of these laws have doubtless been hastily drawn up and may reveal latent difficulties as time goes on, and some may prove unwise. If any tend, however, to hamper recovery, we may rely on the Frenchman's flair for making the theoretically impossible work in practice. In any case, as a result of so remarkable a burst of legislative activity, France, which stood far behind Great Britain in social legislation three months ago, is now drawing abreast. But M. Blum's achievement is even greater than this. He has shown that the democratic spirit is alive and vigorous, at least in France, and that popular enthusiasm can be translated into positive action where resolute and realistic leadership prevails. At the moment, of course, M. Blum is engaged in a struggle with his extremists over Spain, which might conceivably end in his resignation. And in the background there still remains the shadow of the overvalued franc.

* * *

Bad Days in Palestine.—Last week saw an intensification, still being maintained, of the Arab offensive in Palestine—and this on all fronts: in the sniping of trains and motor cars; in the cutting of the oil-pipe line; in attacks on Jewish persons, property and houses; and in brushes with the armed forces of the British Crown. For example, on August 10th, at Jerusalem, two British aircraftsmen were shot when off duty—one of them fatally—and a goods train was wrecked at Ras-al-Ain. On the 11th, an Arab police sergeant was likewise shot and seriously wounded in Jerusalem; and a bus full of Jewish workers was bombed, with three casualties, near Tel-Aviv. On the 12th, fire was opened on a Jewish quarter of Tiberias; a newly-erected police station at Matikva was burnt down; and on the same day, near Beisan, a party of ten men of the York and Lancaster Regiment were caught off their guard while bathing, and lost one killed, three wounded, five rifles, a Lewis gun, and 600 rounds of ammunition. On the 13th, a military patrol train was successfully wrecked while crossing a bridge on the Haifa-Lydd line near Athlit. On the night of the 13th-14th, a concerted attack was made on the Jewish quarter at Safed, where in one house the father and one child were killed by a bomb, a second child was killed by rifle fire, and a third child was seriously wounded. On the 14th, four out of five members of a Jewish party in a motor car were killed on Mount Carmel. On the 15th, a convoy of civilian travellers, escorted by soldiers, was attacked at Lydda, while at Tiberias on the same day the synagogues were stoned and a Jewish boy was killed by a bomb. On the 16th, another convoy of travellers was ambushed near Jenin, and at Tel-Aviv a train was bombed at a level crossing—one man being killed and 12 other persons slightly wounded, while an Arab boy was injured on the train's return journey, when it was stoned at the same point by Jews, in reprisal. During the night of the 15th-16th, a party of workmen who were doing some repair work near Jaffa for the Palestine Electric Corporation were ambushed, and one workman was killed,

while another, as well as a constable, was slightly wounded. And so it goes on—with considerable success for the Arab comitadjis (to call them by the classic name that was coined for their kind in Macedonia under the pre-war Ottoman regime). Jerusalem, with searchlights sweeping the surrounding heights all night to show up the snipers, is about as safe nowadays as Salonica used to be then; and the Turks, if they were a malicious nation, would be laughing up their sleeve. The Arab Higher Committee has called a congress of delegates to discuss what their attitude shall be towards the Royal Commission; but as the Commission is not to start work until the Arab campaign of violence has subsided, the position is one of stalemate.

* * *

Sport and Politics.—This year is not the first time in history that a certain political and even authoritarian atmosphere has been allowed to permeate the scene at the Olympic Games. There was once an occasion when the Emperor Nero competed in every single event and won every single prize. The Nazi authorities did not, of course, consider it expedient to carry things to this length; indeed, such "liberalistic" ideas of athletic freedom apparently prevailed in Berlin that the fastest runners were actually allowed to win. Admittedly, the success of the affair as an Aryan race-festival was slightly marred by the spectacle of so many victorious negroes breasting the tape beneath the fluttering swastikas. To the Nazi authorities who have done so much to elevate athletic prowess to its true place of superiority over mere intelligence, this must have been an unwelcome result. It may almost have seemed that, as between Aryans and negroes, the Aryans might have come off best in an intelligence test; but, if so, the cunning Semites would of course have had to be excluded from the competition. This grave difficulty has led persons of Aryan sympathies in England to write letters to the Press suggesting that negroes should be excluded from the Olympic Games on the ground of their "physical abnormality." This abnormal capacity of the negroes to run fast is clearly a form of grossly unfair competition, like the cheapness of foreign goods in British markets; and it may be that some quota system for Olympic laurels (not carried to Neronian extremes) might prove the easiest way to save the *amour propre* of the white races. Perhaps, however, as far as the British are concerned, there is a better way. The British after all, it can be explained, do not play to win at all; nor do they dream of spending long months in arduous and expensive training. They merely play for love of the game. And so, when they lose, they do not need to storm the consulates and embassies of the victor nations. They merely explain that, in their opinion, the game is worth more than the prize.

* * *

Trial by and for the People.—The circuses and *fairs accomplis* by which Fascist regimes compensate their citizens for the lack of butter on their bread are replaced in Russia by gigantic State trials of saboteurs, broadcast throughout the Union. Just such another State trial as those of Professor Ramzin and the saboteur engineers, or of the Metropolitan-Vickers employees in Russia three years ago, opened on Wednesday. But this time it is a much more sensational affair. "Right-wing deviationism" from the Communist Party's "general line" is a perpetual object of State heresy-hunts; and for years now "deviationism" has been identified with the sharers of Trotsky's views—Zinoviev and Kamenev. These two men are already serving sentences of ten and five years' imprisonment respectively for their admitted "moral responsibility" for the murder of Kirov, leader of the Leningrad Communist Party, in December, 1934. They are now charged with conspiracy, involving Trotsky, his son, and Party—Stalin, Voroshilov, Orzhonikidze, Kaganovich and the German Nazi Secret Police, to murder the chiefs of the Kirov. Kirov fell as the first victim; and before the others could be struck down the OGPU net closed on the "deviationist" conspirators. The indictment, together with what seems highly circumstantial evidence, alleges that Trotsky—now an exile in Norway, whither he was forced to retire from Prinkipo Island when Turkey entered into close

association with the Russian Government—maintained relations with the Nazi Secret Police in Berlin through his son; and that the Secret Police provided five men, all with German names, with forged passports to enter Russia and participate in the conspiracy. The five men appear among the sixteen accused. Death is the penalty; and Zinoviev and Kamenev, who in 1934 made an abject public repentance, are now reported to have pleaded "Guilty." While there seems no reason to assume that they have been intimidated—the fatalistic psychology of Russians, and especially of Russian conspirators, is well known—this trial comes aptly for the Russian Government in domestic affairs; but it comes ineptly in the field of foreign affairs, for it may incense the Nazi Government while it chills the incipient sense of co-operation with Russia which is dimly perceptible in Poland and Great Britain. In Russia, it seems, it is still expedient that one or two men should die for "the people"—and not *pour épater le bourgeois*.

* * *

Mr Aberhart's New Plan.—After a year of deliberation Mr Aberhart, the Social Credit Premier of Alberta, has embarked on what he describes as a first step towards Social Credit. This first step, as our Canadian correspondent reports in his letter this week, consists in the issue of Government "prosperity certificates," to finance public works. The certificates are in effect promises to pay by the Government which depreciate at stated intervals; i.e., they lose validity unless stamps are bought from the Government and attached to the certificates after a certain lapse of time. The idea is that recipients of the certificates will tend to spend rather than save, and so stimulate trade, since whoever is left with the Old Maid at the critical date will have to buy the stamps. At the same time, it is hoped that the Government will be able to finance public work schemes (i.e., presumably redeem the certificates in the end, but this is not quite clear) out of the proceeds of the sale of stamps. The scheme is, of course, not Major C. H. Douglas's at all, but Silvio Gesell's plan, which has lately met with the approval of Professor Irving Fisher. It has been correctly described as a method of financing public works by a turnover tax; and for a Government which is not in a position to borrow freshly created credit from the banking system, it may have technical advantages provided that the commercial community accepts the certificates. It is in no sense a permanent monetary policy, however, but at best an expedient for getting out of depression. And its efficiency, even as such, is bound to be at the lowest in a community like Alberta, which is hardly at all self-sufficient. The Albertans cannot consume all the wheat produced in Alberta, however much money they have.

* * *

Free State By-Elections.—By-elections in Galway and Wexford have been won by Mr de Valera's candidates by very large majorities. The result has greatly strengthened the position of the Government in the Dail and in the country. These two elections were the first occasion when the Left-wing Republicans put up candidates against Mr de Valera, and the voting shows that these extremists command quite negligible support among the electorate. The Government has unquestionably received a renewed mandate to continue its social and political programme, and from the national point of view this strengthening of the Administration must be regarded as a stabilising and steadying influence. The interest of the elections to the people of Great Britain is that they indicate clearly that public opinion in the Free State is solidly behind the Government in the so-called economic war. Surely the time has come for British statesmen to make some new attempt to settle this deplorable dispute? Up to the present the official attitude has apparently been that the economic and constitutional issues cannot be discussed apart. This really amounts to postponing the settlement of a soluble problem until an insoluble one has been solved. At the moment, no settlement of the constitutional issue is possible, in view of the attitude of the Northern Ireland Government. Meanwhile, Great Britain continues to apply futile but irritating sanctions against one of its fellow members of the Commonwealth. The result of the by-elections is the Irish reply to this endeavour to attain political objectives by economic pressure.

An L.M.S. Mishap.—An alarming incident, fortunately unattended by serious consequences, occurred last week on the L.M.S. main line just north of Wolverton, Bucks. One or more wagons in a goods train became derailed. The guard at the end of the train noticed that something was wrong and promptly applied his brake, but the only result was that the train broke in half, and the first part continued on its way with the driver in ignorance that anything untoward had happened. The derailed wagons damaged and blocked all four lines of track. Fortunately, as the front part of the train passed through Wolverton, the signalman noticed what had happened and, in accordance with the rules, stopped not only the train itself, but all other traffic in both directions. Hence while serious inconvenience and delays were caused pending the repair and re-opening of the track, there was no collision of a separate train with the wreckage or any loss of life. While the signalman is to be commended for his vigilance, the incident gives ground for certain misgivings. Had the goods train been equipped with continuous brakes, the break-away would have stopped both portions automatically and much of the damage to the track would have been avoided. Also, the moment the train became overdue, all traffic in both directions would perforce have been stopped and cautioned pending inquiries. This is not the first occasion upon which accidents have been caused by faulty couplings, and the Minister of Transport's inspecting officers have previously called attention to this danger, particularly in respect of private wagons. Certain steps have already been taken by the railway companies to provide for greater strength, and these may need intensification. Short of enacting that all goods trains be equipped with continuous brakes, which would be a very costly undertaking, it is difficult to see what more could be done. It is mechanically impracticable to provide a certain means of communication between the guard and driver of a loosely-coupled goods train, whose length varies every time wagons are dropped or picked up at each successive station. Nor in the absence of a snatch can a driver, who is concentrating his attention on the road ahead, be blamed for failing to notice a break-away. The main safeguard is the vigilance of the signalmen, whose duty it is to examine each train as it passes them. On this occasion the signalman carried out his duty, and prevented an inconvenient mishap from developing into a serious accident.

* * *

Outlook for Building.—Increasing attention has recently been directed to the rôle played by building activity in British recovery. The rise in the *Economist's* index of building activity from a monthly average of 57 in 1932 to a present level of 109 (1935=100) serves to illustrate the magnitude of the boom. At present, when the continuance of this activity is questioned in some quarters, the opinions expressed monthly in the *Building Industries Survey*—published by the Building Industries National Council—merit attention. This excellent journal brings together in convenient form all available information relating to the building and allied trades. In the July issue, just published, the view is put forward that the present position of the industry remains satisfactory, a further improvement as compared with 1935 having occurred last month. Although the building plan figures for dwelling-houses for the first seven months of 1936 were rather below last year's level, activity in this section is well maintained on the basis of past plans. Total activity has advanced owing to increased industrial and commercial construction—a movement which, judging by recent plan figures, may be expected to continue *accelerando* in the near future. For plans approved for non-residential purposes in the first seven months of 1936, according to the *Ministry of Labour Gazette*, were 26 per cent. in excess of the corresponding total for last year.

BRITANNIC
ASSURANCE COMPANY LIMITED
(Established 1868)
Annual Income : : : £6,200,000
Funds : : : £26,000,000
All classes of Life, Fire, Accident,
Motor and General Insurances transacted
Chief Office: BROAD STREET CORNER, BIRMINGHAM

Thus, although public works contracting remains acutely depressed, we should agree with the *Survey* that the immediate outlook for the building trades remains favourable. All indices of building activity will certainly be watched with special interest in coming months.

Overseas Trade in July.—After some months' stagnation British exports recorded a welcome improvement last month, when they were 10 per cent. above the level of a year ago. The rising trend of imports, which has been a feature of the trade returns during the past half-year, was again evident in July, although its pace has now somewhat slackened. The rapid expansion of Britain's *entrepôt* trade is another noteworthy fact brought out in the tables below:—

OVERSEAS TRADE IN JULY
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	%
Total imports	58,028	61,764	68,731	+ 6,967	+11.3
British exports	33,230	36,443	40,086	+ 3,643	+10.0
Re-exports	4,129	4,922	5,643	+ 711	+16.8
Total exports	37,359	41,365	45,729	+ 4,364	+10.5
Excess of imports over exports ..	20,670	20,319	22,905	+ 2,586	+12.7
Transshipments under bond	1,745	2,015	2,486	+ 471	+23.4

FIRST SEVEN MONTHS' OVERSEAS TRADE
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	%
Total imports	419,872	420,442	471,173	+ 50,731	+12.3
British exports	223,049	242,874	267,966	+ 25,092	+10.3
Re-exports	33,198	32,588	37,392	+ 4,804	+14.8
Total exports	256,187	275,462	305,358	+ 29,896	+10.8
Excess of imports over exports ..	163,685	144,980	165,815	+ 20,835	+14.4
Transshipments under bond	13,639	13,784	15,242	+ 1,458	+10.7

Of the twenty principal groups of manufactured exports, only three were smaller in July than in the same month last year. In the raw materials group a fall in exports of several items, notably coal, was more than counterbalanced by a rise in other commodities. The jump in imports, although fairly widespread, is mainly a reflection of a need on the part of British industry for increasing quantities of raw materials and for specialised equipment in connection with the boom in the iron and steel industries.

Trade by Commodities.—Changes in the principal retained imports last month, compared with the July figures for the past two years, are shown in the following table:—

RETAINED IMPORTS
Month of July

Item and Measure	1934	1935	1936
Wheat	9,168	8,401	8,442
Beef and veal	1,155	1,340	1,335
Mutton and lamb	640	636	560
Sugar (unrefined)	3,238	4,099	3,445
Iron ore and scrap	356	469	616
Raw cotton	864	711	1,296
Sheep's and lambs' wool	163	420	173
Flax, hemp and jute*	15,181	32,152	14,658
Crude petroleum*	39,928	33,179	45,509
Hides, wet and dry	104	133	120
Wood pulp*	222	280	209
Rubber	275	212	17
Unwrought copper*	13,452	15,684	15,345
Pig lead	20,624	19,876	29,270
Tin			
Ore and concentrates*	2,974	4,175	4,542
Blocks, ingots, slabs and bars	708	618	223
Iron and steel manufactures	126	90	170
Machinery	5,678	6,121	9,738

* Total imports.

Among foodstuffs, entries of wheat were again higher, but imports of meat showed a decline. The fall in mutton and lamb was mainly due to a sharp drop in shipments from Australia. Increased sugar imports from Cuba and the British West Indies were more than offset by a decline in purchases from South Africa, Mauritius and San Domingo. The boom in iron and steel and engineering was again reflected in larger imports of iron ore, of machinery and of iron and steel manufactures; imports of non-ferrous metals were also higher last month. A well-distributed increase in purchases of raw cotton may be of good augury for this

depressed trade, but imports of other textile fibres declined. Movements in the principal British exports are given in a final table:—

BRITISH EXPORTS
Month of July

Item and Measure	1934	1935	1936
Coal	3,379	3,679	3,360
Iron and steel scrap	16,318	11,894	12,866
Pig iron and ferro-alloys	8,948	12,930	12,813
Railway materials	16,377	21,755	31,306
Total iron and steel manufactures	193,969	199,274	216,129
Textile machinery	7,021	5,621	5,310
Total machinery	29,571	34,813	37,100
Cotton yarns	10,283	11,935	13,305
Cotton piece-goods	170,055	170,188	176,125
Wool tops	2,566	3,987	3,730
Worsted yarns	2,798	2,909	2,465
Woolen tissues	6,683	6,477	7,882
Worsted tissues	3,223	4,107	4,727
Linen piece-goods	5,472	5,550	7,049
Leather boots and shoes	35,640	28,598	30,367
Leather	16,180	20,110	21,214
Paper and cardboard	292	331	383
Locomotives (complete and parts)	1,011	1,422	2,065
Motor vehicles and chassis	4,461	5,213	7,752

An improvement in exports of iron and steel manufactures and of machinery reverses recent trends and is an encouraging feature of the July returns. Sales of motor vehicles overseas continued to forge ahead last month. Textiles also made a good showing. A welcome improvement occurred in exports of cotton yarns and piece-goods, while continued progress was made by woollen and worsted tissues in markets abroad. Unfortunately, an otherwise favourable picture is marred by the unsatisfactory level of coal exports. Shipments of coal to Italy sank to zero last month—a factor itself more than accounting for the decline in coal exports compared with last year.

Iron and Steel Activity.—As we pointed out last week activity in the iron and steel industries was maintained at a high level in July. We may supplement the production statistics with the latest overseas trade figures:—

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1933—Monthly Average	855.0	638.6	185.9	414.1
1934	632.4	803.0	235.2	364.9
1935	297.8	438.5	132.7	157.4
1936	344.7	585.3	80.9	160.2
1937	498.2	738.3	113.9	187.8
1938	535.5	820.2	96.0	197.7
1939—January	529.3	770.0	98.2	187.1
February	547.3	803.3	90.2	199.3
March	543.4	759.9	74.3	202.5
April	529.6	855.9	89.3	187.2
May	544.8	907.3	101.2	224.0
June	529.5	903.3	77.0	215.8
July	559.3	811.5	113.0	190.3
1938—January	595.5	911.7	119.9	164.8
February	584.7	938.5	123.2	187.8
March	633.6	980.1	130.3	163.4
April	629.8	984.2	120.8	177.5
May	661.0	963.0	117.5	204.1
June	644.1	965.9	110.6	173.5
July	661.1	974.1	170.3	216.1

Imports, after declining slightly in June, rose steeply last month, and were heavily in excess of last year's corresponding total. Although well distributed, the increase compared with last year was most pronounced in semi-manufactured steel. Larger imports were taken from each of the countries separately distinguished in the trade returns, the rise being most marked in the case of Canada, Germany and France. A feature of the July figures was the recovery of British exports, railway material being one of the largest items. Our best customers last month were—in order—the Union of South Africa, Canada, Denmark, British India, Australia and Argentina.

Sterling and International Prices.—The rise in British wholesale prices has for the moment been checked, for during the past fortnight the *Economist's* complete products index has fallen by 0.3 per cent. and the primary States have been irregular. The *Economist's* primary products index number has risen by 1.5 per cent., mainly as a result of advances in oats, maize and bacon, but the

complete Irving Fisher index number has fallen by 0.3 per cent. The rise in French wholesale prices has for the moment been checked, but German wholesale prices are continuing their slow advance:—

SEPTEMBER 25, 1931=100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Ist. di Statistica Centrale	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)				
1932							
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5
1933							
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.2
1934							
July 19th	109.5	124.8	136.7	162.4	113.2	81.4	83.2
1935							
Jan. 30th	110.8	124.6	162.4	167.2	118.3	79.1	85.6
Apr. 24th	110.5	124.5	161.6	169.1	118.6	78.2	85.6
July 31st	112.7	128.7	146.2	168.6	120.2	75.9	88.2
Oct. 23rd	118.4	133.6	144.9	166.4	123.7	79.1	107.3
1936							
Jan. 1st	118.1	131.2	143.8	166.2	121.8	80.7	94.9
Jan. 29th	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 26th	117.4	132.8	145.0	166.0	120.7	85.2	95.2
Mar. 25th	117.4	133.9	144.3	165.8	119.6	85.2	95.3
Apr. 23rd	117.4	133.9	144.3	165.8	119.6	85.2	95.3
May 27th	115.5	132.8	143.2	165.8	119.2	85.0	95.4
June 10th	115.7	130.6	140.5	164.8	117.7	85.2	95.7
July 8th	116.2	133.2	147.0	163.2	119.8	84.1	95.5
July 22nd	116.9	135.4	155.2	163.6	121.5	85.4	95.7
Aug. 5th	118.7	140.4	157.2	163.4	120.6	86.6	95.7
Aug. 19th	119.8	142.4	160.8	163.1	122.2	88.8	96.2
Aug. 19th	119.4	141.9	163.2	162.7	121.8	88.6	96.3

* These figures relate to August 12th.

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

"ECONOMIST" INDEX
(1927 = 100)

	Sept. 18, 1931	July 22, 1936	Aug. 5, 1936	Aug. 19, 1936
Cereals and meat	64.5	74.5	77.5	77.0
Other foods	62.2	61.2	60.9	61.1
Textiles	43.7	61.0	61.9	61.4
Minerals	67.4	82.5	82.3	82.2
Miscellaneous	65.8	77.7	77.4	77.2
Complete index ..	60.4	71.7	72.4	72.1
1918 = 100	83.1	98.6	99.6	99.2
1924 = 100	52.2	61.9	62.5	62.3

In the cereals and meat group, wheat, flour, potatoes and beef are all cheaper than a fortnight ago, but bacon has again risen. Among other foods there was a fall in cocoa and advances in butter, cheese and coco-oil. Cotton is cheaper and wool unchanged. There were only minor alterations in non-ferrous metal prices. In the miscellaneous group there were small declines in linseed oil and rubber.

Improvement in Shipping Freights.—The improvement in shipping freights continues to gather headway. The River Plate market, which has led the way, continues to absorb grain-carrying tonnage (writes our Shipping Correspondent) and between the middle of July and of August, well over a hundred steamers have been "fixed" in this trade. There are now no vessels waiting for charters, and September-October vessels are in scanty supply. The Tramp Shipping Administrative Committee has announced, this week, a rise of 9d. a ton in the minimum rates for grain from Argentina and Uruguay to Europe. With wheat harvest prospects as they are, the probability is that the River Plate market will experience more or less sustained activity over the autumn and winter, while shipments from Canada are expected to be good to the end of the navigation season. A steady business continues to be done from Australia and as the Russian harvest is estimated, in some quarters, to be large enough to leave an exportable surplus of a million tons of wheat, an early revival in Black Sea business is likely to be the next development. Meanwhile, the firmness in grain freights has reacted favourably on Eastern freights for rice and soya beans, and indeed, on produce freights generally. The shipping industry may, indeed, be emerging at long last from depression. In every case, the minimum freight schemes now in operation have succeeded in maintaining schedule freights and even in securing appreciable advances for autumn tonnage. By common consent, the operation of these schemes has been shrewdly directed.

Agricultural Returns for England and Wales.—In early June each year the Ministry of Agriculture takes a census of the acreage under the various crops and the numbers of livestock on agricultural holdings above one acre in England and Wales. The 1936 returns, issued last week and summarised with comparable data for earlier years in the table below, show that in some directions British agriculture failed to hold its own this year. Thus the total arable area, after increasing in 1935 for the first time since the war, this year resumed its long-term decline. The area under cereals fell by about the same amount as in 1935; but whereas last year a sharp drop in the area under barley was partly compensated by increases in wheat and oats, this year has witnessed a 4 per cent. contraction in the wheat acreage and a partial recovery in barley (+ 3 per cent.), with oats showing little change. The fall in the wheat area was due partly to a wet autumn, which delayed sowing, and partly to the fact that some farms have recently been overcropped with this grain. An increase in the acreage under first early potatoes was more than counterbalanced by a reduction in the main crop acreage, the total area thus falling by 1.5 per cent. to the lowest level since 1931. The area under sugar beet also suffered a further slight decline:—

	1929	1931	1933	1935	1936*
Arable Land	Thous. Acres	Thous. Acres	Thous. Acres	Thous. Acres	Thous. Acres
Permanent Grass	9,948	9,582	9,250	9,398	9,113
Wheat	15,490	15,701	15,870	15,559	15,745
Oats	1,330	1,197	1,660	1,772	1,703
Barley	1,854	1,652	1,495	1,419	1,417
Potatoes	1,120	1,029	751	463	456
Sugar Beet	519	447	364	367	357
Cattle	Thousands	Thousands	Thousands	Thousands	Thousands
Sheep	5,958	6,065	6,620	6,541	6,534
Pigs	16,106	17,749	18,090	16,477	16,631
Horses	2,367	2,783	3,069	3,813	3,801
	999	939	903	874	865

* Figures for 1936 are provisional.

Despite a small increase in the dairy herd, the total number of cattle was again a little lower than in the previous year, and the pig population also registered a slight reduction. Sheep numbers show some increase, but the tractor continues to replace the horse.

British Industrial Production.—The continued expansion of Britain's industrial activity is reflected in the Board of Trade index of production, covering about 70 per cent. of British manufacture and mining, published in this week's *Board of Trade Journal*. Contrary to the normal seasonal tendency, the total index rose by 0.5 per cent. during the second quarter of 1936, to the record level of 123.6 (1930 = 100); this is 11 per cent. in excess of the corresponding figure for 1935. Manufacturing production showed a gain of 2 per cent. compared with the March quarter, and of almost 12 per cent. compared with the June quarter of 1935:—

Group	Year 1934	Year 1935	1935		1936	
			June Quarter	Dec. Quarter	March Quarter	June Quarter
1. Mines and quarries	90.8	91.7	87.3	98.1	100.5	88.4
2. Iron and steel	115.7	125.6	123.2	133.3	146.2	149.5
3. Non-ferrous metals	122.7	137.3	138.4	132.1	134.8	140.9
4. Engineering and shipbuilding ..	94.0	104.9	103.5	108.0	115.5	120.3
5. Building materials and building ..	133.4	147.0	148.5	150.2	148.8	157.2
6. Textiles	113.3	118.9	116.7	126.5	126.9	124.8
7. Chemicals, oils, etc.	104.5	116.0	115.2	122.1	126.7	121.4
8. Leather and boots and shoes ..	102.3	107.6	108.6	113.9	106.9	118.4
9. Food, drink and tobacco	121.8	132.6	(a)	(a)	(a)	(a)
10. Gas and electricity						
Total of manufacturing industries (2-10)*	108.5	116.9	115.5	124.4	126.7	129.3
Total of all groups (1-10)*	106.1	113.5	111.5	120.7	123.0	123.6

* Includes also various industries not specified above. (a) Complete information about gas production is not available in each quarter. The available data for electricity have been included in the general index.

Each of the group indices showed an improvement compared with the second quarter of 1935, the principal gains being in iron and steel (21 per cent.), engineering and shipbuilding (16 per cent.), food, drink and tobacco (9 per cent.) and textiles (7 per cent.).

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

"EXTRAORDINARY" BUSINESS ACTIVITY

FOR midsummer, business activity is running at an extraordinary rate. Instead of the seasonal recession, it is maintaining or surpassing the rate of the spring. Steel operations, at 70 per cent. of a capacity that has been substantially increased in recent years, are remarkably large, especially in view of the limited demand on the railways and the inactivity of non-residential building. Motor production, although now receding as the time for changing to the new models approaches, is still almost double that of a year ago; and it is predicted that the output for the year will approximate 85 per cent. of the 1929 record. A moderate improvement in weather has checked the spectacular advances in crop prices and diminished the fears expressed some days ago.

Residential building is playing no small part in the increased activity. The Federal Housing Authority reports that residential building permits issued in June amounted to \$68 millions, an increase of \$40 millions over June, 1935—which would suggest that the aggregate of this type of construction in 1936 would run to above \$500 millions. Still, as an element of our economy, residential building represents only a fraction of the influence of the motor industry in value; and the increase of motor-car production in 1936 over 1935 probably exceeds in value the increase in residential building. The latter, however, was as late as early 1935 extremely depressed, and its revival has had a diffused importance greater than the relative figures might suggest. The residential building is for the most part in individual frame dwellings, either built to the order of the purchaser or speculatively by small operators. The development of tracts by operators of magnitude, such as characterises the building activity in the vicinity of London, is of rare occurrence. On the basis of the June permits, it would appear that the average permit is for a house costing about \$7,500; and it has been stated that although F.H.A. mortgages are available for 80 per cent. of the cost, the average cash payment runs near half.

Two inferences may be drawn from these data: the average cost is rather high, and the demand consequently comes from customers of above-average incomes; and large-scale speculative building has not yet become important. These current costs should not, therefore, be compared with average quotations in the vicinity of London, for two reasons: first, that the market has not yet reached sufficient breadth to invite large-scale building and selling operations, and second, that over most of the United States (not so much geographically as demographically) the winter is so severe as to make a full basement with central heating the standard type of construction.

THE TRADE UNION DISPUTE

The dispute between the American Federation of Labour (A.F.L.), under the presidency of Mr William Green, and the Committee for Industrial Organisation (C.I.O.) of Mr John L. Lewis is likely to be of considerable significance, although its implications are not clear to the layman. The Federation is, of course, the historic organisation of "craft" unionism, but in spite of the encouragement given under the New Deal, it has not been very successful in extending its memberships beyond a comparatively small number of trades in which for years it has been strongly entrenched, for example, the building and typographical trades. Mr Lewis has formed his schismatic organisation from the nucleus of the United Mine Workers; his programme calls for the "vertical" or "industrial"

union, as contrasted with the "trade" or "craft" union. The upshot of the dispute is that some ten unions, with 1,000,000 members represented by the C.I.O., have been suspended from the A.F.L. The suspended unions include, with the United Mine Workers, such strong organisations as the Amalgamated Clothing Workers, the United Textile Workers, and the Oil Field, Gas Well and Refining Workers. That these two organisations are rivals for the hegemony of the American labour movement is obvious; but it is not at all clear how this rivalry will affect their policies. The C.I.O. is the more aggressive of the two, and it is expected that it will push energetically to organise the industries in which it has secured a foothold. The Press, however, predicts that the campaign will not be launched until after the election. The heavy purchases of steel have been attributed by some to apprehensions of a steel strike at some time in the future.

All things considered, the slowness of growth of organisations for collective bargaining over the past three years is quite remarkable. The right of collective bargaining, although confirmed by the N.R.A., was not created by it, nor did the decision of the Supreme Court invalidating the National Industrial Recovery Act in any way impair that right. Subsequently, it was reinforced by the Labour Relations Act, but this too has been comparatively little invoked. It is probably true that in instances employee organisation has been actively and successfully resisted by individual employers; but it can hardly be imagined that this is the principal reason. It would appear either that the American workman has been little attracted to organisation in general, or that the type of organisation available has not appealed strongly to him. The latter thesis seems to be the inspiration of the C.I.O.

On August 10th the Department of Agriculture released its crop estimates as of August 1st. They fully confirmed the opinion that this year's drought represents a major disaster. Some of the most serious declines are those of maize, from 2,292 million bushels in 1935 to 1,439 millions; apples, 167 million bushels to 102 millions; potatoes, 388 million bushels to 295 millions; hops, 48 million pounds to 22 millions. These examples are cited not because they are of equal importance, but to illustrate the fact that few crops (except cotton) have escaped the effects of drought. For example, the dairy farmers of New York State are asking for an increase of almost 100 per cent. in the base price of milk, because of the higher costs of maintaining their herds, although New York is not classed as one of the drought States.

NEW YORK, August 11.

FRANCE

"ALL PROMISES KEPT"

PARLIAMENT has now adjourned until the autumn. In closing the ordinary session, M. Léon Blum declared that all the promises made to the country in the Ministerial programme had been kept, "a legislative achievement," he claimed, "without parallel in the history of Parliament." This claim is justified. Indeed, certain laws, such as that requiring a declaration of capital held abroad, and those granting credit facilities to small manufacturers and traders, were additional to those in the original programme. But, on the other hand, certain efforts to go beyond the promises made to the electors by further extensions of State intervention in the economic field have been partially barred by the resistance of the Senate in defence of property rights. This affects, for instance, the Wheat Office, which maintains

the rights of private traders and small producers (under the Wheat Office control), and also the coal plan, the first draft of which was adjourned and replaced by a provisional (three months) scheme.

The country, as a whole, is calm. The civil servants are satisfied with the suppression of the Laval decree-laws which reduced their salaries; the industrial and commercial workers with their increased wages and paid holidays; and the farmers with the Ministry of Agriculture's promise of a wheat price higher than the latest free price. This has already reached 115 francs a quintal, or 30 francs more than three months ago and 50 francs more than for last year's crop. A great number of business men have already benefited by the increased purchasing power of these two large sections of the population. The heavy industries are adjusting themselves to the new charges by a rise in prices; and if small manufacturers and traders complain that their balance sheet has been upset by the new social laws they know that the banks will grant them special credit facilities. All then would be well if there was not the double spectre of a Treasury crisis and a rise in prices and the cost of living.

THE TREASURY'S TROUBLES

M. Caillaux, President of the Finance Committee of the Senate, in wishing success to the Government's policies, forewarned the Cabinet that the country was approaching an "awful financial situation" as a consequence of the increase in public expenditure and the losses that may be expected from irrecoverable advances which have been made by the Bank of France but ultimately guaranteed by the State. The danger, however, has been postponed by the 10,000 millions advance made by the Bank to the Treasury and the 3,000 millions already subscribed in one month to the "Baby Bonds" loan. On the other hand, renewals of the current issues of the Bons de la Défense have been assisted by a lowering of interest rates on the money market, which has been stimulated by the fall of Bank rate and the conviction in financial circles that the gold stock of the Bank will be protected by all methods except the traditional one of raising Bank rate.

The danger of a precipitate rise in prices may be assessed from the following table, which indicates the level of prices at the lowest point of the deflationary era (the Laval Cabinet), at the opening of the Blum experiment, and now:—

	March 30, 1935	May 30, 1936	August 1 1936
Wholesale prices:—			
General index	344	377	389
Domestic products	377	421	435
Imported products	285	299	305
Foodstuffs	342	405	421
Raw materials	346	354	361
Retail prices (Paris)	447	459	461

When interpolated on this subject, M. Spinasse, Minister of Economy, answered that the disequilibrium had undoubtedly been provoked by the dearness of the franc, but also by internal disorders in the national economy such as excessive costs of transport and taxes. The remedies of the Popular Front Government will thus be: a lowering of the rate of interest; tax reductions contained in a general reform of the fiscal system to be submitted to Parliament simultaneously with the 1937 Budget Bill (a reform which will be enthusiastically welcomed by public opinion); and a reduction of distribution costs by industrial alliances, stimulated by the State but carried out on private initiative. These would aim at keeping prices down by the creation of common sales, research and standardisation services and by specialisation in export trade. Finally, the French effort towards a solution of the monetary problem might initially take the form of an embargo on gold, accompanied by control of the exchanges and of capital movements through the supervision of the big banks. Such a procedure would perhaps be endorsed by the Communists, who are conscious of the military importance of maintaining the gold stock and wish to maintain the unity of the Popular Front.

The trade balance for July showed an import surplus of 750 million francs, against 700 millions in June, 797

millions in May and 931 millions in April. The import surplus for the first seven months of the year is thus 5,531 millions:—

	First seven months of 1935 (Fr. millions)	First seven months of 1936 (Fr. millions)
Imports:—		
Foodstuffs	3,583	4,165
Raw materials	6,611	7,569
Manufactured goods	2,126	2,070
Total	12,320	13,804
Exports:—		
Foodstuffs	1,447	1,251
Raw materials	2,476	2,311
Manufactured goods	5,135	4,711
Total	9,058	8,273
Imports surplus	3,262	5,531

The total foreign trade during these seven months was 22,076 million francs against 21,378 millions in 1935. The increase in imports was 12 per cent. and the decrease in exports 9 per cent. July exports, at 1,200 million francs, were at the lowest since the stabilisation of the franc, though this was partly due to the sanctions against Italy. A commercial agreement has just been signed with Italy, while it is believed that negotiations are to begin at once for a similar agreement with Germany.

PARIS, August 20.

GERMANY

OFFICIAL SYMPATHY FOR SPANISH REBELS

THE international situation in the past week was not regarded cheerfully by the German public; and on the Bourse stocks continued to weaken, though less owing to heavy selling than to the reluctance of buyers. The Press is flooded with stories of impending decisive victories by the Spanish rebels, who are officially favoured here. Experts, however, see almost a stalemate, and they make the comment that it is the nature of a military revolt to succeed or to fail at once; and that if, contrary to rule, neither event happens, hopes of a decision within reasonable time are likely to be disappointed.

The reservations in Germany's reply to the French non-intervention plan seems, like Italy's policy, to show a desire for delay. If the retention of a Lufthansa aeroplane would not, as it may be assumed is the case, justify Berlin in making war upon the Spanish Government, it could hardly justify her in refusing to join a neutrality agreement. The second German condition for joining is so vague that it might easily prove a further cause of delay. Literally taken, it would involve negotiations with many countries not envisaged by the Anglo-French conditional arrangement, including the United States. Although Germany may promise to prevent the delivery of war materials to either side she will certainly not observe neutrality in the widest sense. This would involve the abandonment of her officially imposed agitation in favour of the revolt. The German view is that official Russia, and at least some French Ministers, are openly agitating in favour of the Madrid Government. No doubt exists that official and Nazi Germany strongly desires the success of the revolt, and regards "Popular Fronts" anywhere with the aversion and fear of a Metetrnich or a Nicholas I.

The latest official estimate of the cereals crop is 23,260,000 tons, which, though considerably below the July estimate, is 1,200,000 tons more than in 1935. Of the 570,000 tons drop since the July estimate, 460,000 tons was due to rye. The fodder crop will be satisfactory, and the condition of sugar beet is described as "good to very good." The import of wheat will not be necessary in the crop year 1936-37. The officially returned gross earnings of agriculture (not including forestry) in 1935-36 total Rm. 8,800 millions, which is Rm. 500 millions above the figure of 1934-35 and Rm. 2,400 millions above that of

1932-33. The figure of 1928-29, Rm. 10,200 millions, has not been reached. The net income of agriculture is not given, but it seems that expenditure has of late risen less than the gross yield. It is, however, officially claimed that the total volume of agricultural production increased, because farmers themselves produced a great part of the fodder which they formerly imported.

The "work-book" system for manual, clerical and technical employees has been made compulsory from September 1st, after which it will be a punishable offence to employ anyone not in possession of a book. The work-books will contain records of the holders' occupational careers, but nothing about their efficiency or characters. The Reich Board for Labour Exchanges and Unemployment Insurance reports having advised some 700,000 persons on the choice of a career in the first quarter of 1936. Young women are, on principle, directed to a few "suitable" occupations, mainly to domestic service, and are discouraged from entering the manufacturing industries.

"CLOSED ECONOMIC CASTES"

A dispute has arisen over the principles underlying admission of aspirants to the retail trades. Independently of the general, but qualified, veto against the opening of new shops, individual persons may embark on retail trade only if they are personally "suitable." Therein political reliability plays a rôle. Persons found suitable in these senses were, however, not to be excluded from the branch of trade contemplated unless it was overcrowded. Applications (in Prussia) were decided on by the local Bürgermeister or Landrat, but the Chamber of Commerce was first to be consulted, and the Chamber was expected to consult in turn the special corporative organ of the branch in question, i.e. the Retail Trade Group. It is alleged that the Group systematically, on grounds of self-interest, used its influence to have applications rejected. The controversy illustrates the Nazi tendency towards creating and perpetuating closed economic castes. The Hereditary Farm law practically excluded outsiders from undertaking farming and tied existing farmers to the land. In a similar way freedom to develop business in certain industries is made dependent on past association with the industry in question. In this State regulation appears the theory of a "growing generation," or *Nachwuchs*, of persons who, owing to parentage or to existing employment already in a minor capacity, have a right and a duty to work as heads in the occupation in question. The tastes and the natural abilities of individuals are therefore ignored and overridden.

The heavy industries are active. Pig-iron output in July was 1,311,500 tons, against 1,241,200 tons in June. Discussing the coal situation, the chairman of the Rheinische Stahlwerke intimated his view that an international agreement may soon be reached, and remarked that the losses now being suffered in the export trade have made the situation unbearable. The number of unemployed miners on the Ruhr has fallen to some 50,000. Coal production per man and shift has continued to rise, being 1,720 kilos. in March, 1936, against 1,678 kilos. in 1934 and 943 kilos. in 1913.

The export surplus increased in July, since imports decreased and exports increased. The surplus was Rm. 49 millions, as against Rm. 11 millions in June. This result was mainly due to seasonal influences. Of late the seasonal influences have become more marked and more regular. Closely analysed, the returns seem to indicate that exports are being almost as much officially controlled as imports. The figures are as follows:—

	June	July	Jan.-July
Imports	Millions of Marks		
I. Foodstuffs	120.7	105.2	882.4
(a) Livestock	7.6	7.8	50.3
(b) Animal foodstuffs	28.1	27.4	263.1
(c) Vegetable foodstuffs	85.0	70.0	569.0
II. Industrial goods	239.4	240.5	1,574.3
(a) Raw materials	135.7	135.1	908.1
(b) Semi-manufactured	69.3	71.8	447.3
(c) Manufactured	34.4	33.6	218.9
Total	360.1	345.7	2,456.7

	June	July	Jan.-July
Exports	Millions of Marks		
I. Foodstuffs	6.1	6.5	54.2
(a) Livestock	0.2	0.1	1.6
(b) Animal foodstuffs	0.7	0.7	5.1
(c) Vegetable foodstuffs	5.2	5.7	47.5
II. Industrial goods	364.8	388.9	2,583.9
(a) Raw materials	33.7	32.3	225.3
(b) Semi-manufactured	35.8	38.2	266.5
(c) Manufactured	295.3	318.4	2,092.1
Total	370.9	395.4	2,638.1

The half-yearly return shows a decline of imports from those European countries which deliver half-finished and finished goods, among them Great Britain and France, and a heavy drop in deliveries from Russia of raw materials.

Money last week was less easy, and the day-loan rate was $\frac{1}{2}$ per cent. above that of the preceding week. This was due to a tax payment demand. This week money rates are a little lower, and there is a market for Reich Treasury bills. The Reichsbank's return for August 15th shows a substantial decline of credits, due mainly to repayments of Reich Treasury bonds towards the close of the week.

BERLIN, August 18.

SWITZERLAND

SIGNS OF RECOVERY

THE foreign trade returns for the first half of 1936 show a decrease over 1935 both in imports and exports, but the 1936 results are not as unsatisfactory as had at one time been forecast. Imports totalled 542,013,180 francs, a drop of nearly 80,500,000 francs over 1935, which was mainly due to import quotas. Exports totalled 396,210,434 francs, a drop of about 6 millions over 1935. The import surplus, which was 220 millions last year, was reduced to 145,750,000 in 1936.

The results for the four chief exporting industries are nevertheless encouraging. These industries' exports totalled 186.5 millions for the first six months, as against 178.75 millions the previous year. Exports of the watch-making industry reached 55.7 millions, compared with 48.8 millions in 1935; the market for Swiss watches has somewhat expanded, and there was a noticeable improvement in the demand for the better quality watches. Silk and cotton goods exports showed a small decrease over last year, but the machines industry's exported products rose by 3 millions.

Imports from Great Britain dropped to 33,600,012 francs from 37,719,719 francs in 1935, and exports to Great Britain rose from 35,443,683 francs in 1935 to 41,934,255 francs in 1936. Trade with the five principal countries was as follows (in millions of francs):—

	Imports from		Exports to	
	1935	1936	1935	1936
Germany	161.6	144.8	90.1	85.1
France	106.2	82.4	60.4	52.2
Great Britain	37.5	33.3	35.1	41.7
U.S.A.	32.6	29.8	20.7	23.8
Italy	47.0	28.4	38.2	29.0

The decrease in imports from and exports to Italy is due to the application of sanctions; but since the raising of sanctions trade with Italy has been more active, though far below the 1935 level.

The economic situation is more satisfactory than at the beginning of the year; and though recovery is still far away, prospects are now much more encouraging. In July imports totalled 95.3 millions, or 1.9 million more than in June; and exports totalled 66.5 millions or 0.3 million more than in June and 5.6 millions more than in June, 1935. Imports of coal and raw materials in July were much higher than in June.

The half-yearly reports of the more important Swiss banks show that commercial business, as well as the influx of foreign capital, have increased since January last. The change of Government in France resulted in a big increase in the total of French gold, banknotes and securities

deposited in the Swiss banks, while numerous houses and estates were purchased by French citizens, particularly in French-speaking Switzerland.

The Swiss Federal Council issued on June 19th a decree designed to "protect the national currency against speculation." Its object is to prohibit speculation in gold and foreign gold values which might be contrary to the interests of the country and prejudicial to its currency. The decree imposes penalties for the forward purchase or sale of gold, the granting of advances on gold and foreign exchanges, and the purchase of foreign exchanges in the forward market, when such operations are not justified by some commercial transactions. The free movement of payments and the transfer of capital abroad, so long as they do not represent speculative operations, are to continue as before, and are not subject to any restrictions. There is no question, therefore, of anything more than measures against speculation.

Payment for goods of all kinds, for securities and for the transfer of capital, etc., will proceed as formerly without the slightest difficulty. The regulations controlling the maintenance of a gold currency remain in force without restriction, when speculative activities are not concerned; nor is there any question of hindering in any way the reflux of capital which had found a refuge in Switzerland. The Federal Government's decision is by no means an innovation. The principal measures for combating speculation were already formulated in a "Gentlemen's Agreement" concluded on June 20, 1935, between the Swiss banks and the National Bank. That agreement, directed against speculation, is even more strict and precise than the recent Government's decree. According to the stipulations of the "Gentlemen's Agreement," the banks are to abstain from participating in any operation connected with "monetary speculation," i.e. with the granting of advances on gold, exchange transactions in the forward market, and advances on securities in foreign currencies. The agreement remains in force alongside the Federal decree.

GENEVA, August 15.

CHINA

A BLOODLESS REVOLUTION IN CANTON

It is now possible to review the events which led up to the bloodless revolution in Canton last month and to derive from the new order of things some hope that unification of China is within measurable distance of accomplishment. At the moment of writing the Kwangsi War Lords are still at odds with the Central Government; but it can only be a question of time before their troops are hemmed in by armies loyal to Nanking and forced to surrender. Financial embarrassment and personal jealousy were undoubtedly the motives which led the South-west Political Council to revolt against the Central Government. It is still a mystery why the Canton War Lord, Marshal Chan Chai Tong, should have committed political suicide. Although originally a usurper, having driven from office the appointee of Chiang Kai Shek, he has for five years held control of Canton with the tacit approval of the Central Government. He has never encouraged his more restless colleagues of the South-west in their antagonism against Chiang Kai Shek, and although he has clung to a state of semi-independence he has maintained comparatively friendly relations with Nanking.

Chiang Kai Shek was, however, the master of the situation. As soon as Chan Chai Tong's followers saw that Chiang was in earnest and was threatening Canton with a strong army under a Cantonese General, Yu Han Mow, the Air Force deserted to Nanking and what was left of the Navy beat a hasty retreat to Hongkong. Deserted by his supporters and dunned for large sums of money by his allies, Chan took refuge on a British gunboat and was

brought to Hongkong. He has since announced in the Press that neither he nor his subordinates will take further part in the politics of the South-west.

During the previous few days there was a considerable exodus of the wealthy classes, the wives and families of the leading officials being the first to seek shelter in Hongkong. Canton itself remained perfectly quiet during the interregnum, which only lasted over the week-end. A new set of officials soon arrived from Nanking by air, and within a few days the change-over was complete so far as Canton was concerned. General Yu has now established himself and has large forces under his command. His colleagues are all Cantonese with the exception of the Financial adviser, Mr. T. L. Soong, who is the brother of the well-known Nanking Minister, Mr. T. V. Soong, and related by marriage to Chiang Kai Shek.

FINANCIAL CHAOS

It was not long before Mr. T. L. Soong discovered that the large silver reserve reputed to be held in Canton as cover against the provincial banknote issue was seriously depleted. The accounts of all the various Government departments seem to be in chaos, and it is reported that those officials who are still in Hongkong will be called upon to explain the defalcations. It is, however, unlikely that any of the missing money will be refunded, and Mr. Soong will have to look to Nanking for funds to place the finances of the Province on a properly reorganised basis. The first aim is to bring Kwangtung into the ambit of the national currency. Kwangtung notes are at present standing at a discount of 50 to 60 per cent., and it will be an expensive matter to call in the large issues now current and substitute Central Government notes. It is hoped that the many provincial import duties, over and above the regular Customs tariff, will be abolished, but here again it is difficult to see how this source of revenue can be given up. The semi-official smuggling service will undoubtedly be stopped. This service, which was under the control of the Salt Commissioner (a brother of Chan Chai Tong), employed Government gunboats to bring merchandise from Hongkong which entered Canton without Customs examination, as ostensibly the goods were Government stores.

It will be interesting to see what attitude will be adopted under the new regime towards Government industrial undertakings. These comprise sugar refineries, cement works, chemical factories, a brewery and large textile mills, which were brought into being by the late Government under the five-year plan for the nationalisation of the means of production. Presumably the new Administration will take over the responsibility of all industrial concerns established under the late regime.

There are signs that the "New Life Movement," which Chiang Kai Shek has pushed so vigorously in the North, will receive official encouragement in Canton. Already it has been announced that the gambling monopoly will be wound up and opium smoking firmly curtailed. Good intentions abound, and while one cannot place unlimited faith in Chinese paper schemes there is some hope that what has been accomplished in the North by the Central Government, and confirmed by Sir Frederick Leith-Ross and other observers, may be repeated in the Southern provinces. But the main hope which springs from the recent change is the promise of a better governed and less harassed hinterland to Hongkong and, from the point of view of the Hongkong Government, the removal of the misunderstandings arising from relations with a semi-independent Government jealous of any suggestion as to the supremacy of Nanking.

The uncertainty and nervousness in Canton preceding the flight of Chan Chai Tong were not without effect on Hongkong. The influx of people brought about a temporary demand for house accommodation, and a certain amount of money went into the local share market. Shortly afterwards the situation in Canton eased, and with the prospect of the introduction of the Central Government currency there loomed up the possibility of the Hongkong dollar being brought down nearer the level of the national dollar. On July 23rd there was a rush to buy

sterling in Hongkong, and the rate on London, which had opened at 1s. 3½d., fell five times, to close at 1s. 2½d. There has been a slight decline since then, and with the Hongkong dollar standing at 1s. 2½d. the premium over the Shanghai dollar is under 3 per cent., as compared with about 7 per cent. a fortnight ago.

The trade returns for China, published by the Maritime Customs, show that imports for the first six months of this year totalled \$459 millions, as compared with \$545 millions for the first half of 1935. The corresponding figures for exports were \$332 and \$259 millions, and the import surplus fell from \$286 to \$126 millions. These figures do not, of course, take into account the huge quantities of goods which have been smuggled into North China during recent months. The volume of this illicit trade would undoubtedly increase the import surplus to a level very much closer to that of last year.

Hongkong trade statistics for the first half of this year show an increased turnover in local currency values although the sterling equivalent is much lower than in 1935, owing to the decline in the average rate of exchange from 2s. to 1s. 3½d. The total imports of merchandise for January to June, 1936, were \$212 millions (£13.7 millions), as compared with \$191 millions (£19.7 millions) for the first half of 1935. The respective export totals were \$163.5 millions (£10.5 millions) and \$142.7 millions (£14.6 millions).

HONGKONG, August 4.

CANADA

DROUGHT AND THE WHEAT POSITION

ALL recent reports tell a tale of the deterioration of the Western grain crops under the ravages of the drought; and the latest survey of the Bureau of Statistics states that the prairie grain harvest, which has now begun, will be "the lightest in many years." Crop experts now forecast the yield of prairie wheat at about 220 million bushels, which would be the lowest figure since the war; but coarse grains have suffered more than wheat, and as both pastures and hayfields have been burnt up, the feed problem has become very serious in the southern territory of the Prairie Provinces. The Alberta Government is asking Ottawa either to provide feed for, or move to more favoured districts, about 500,000 livestock in Southern Alberta for whom normal water supplies are vanishing and no feed is in sight. The Mackenzie King Government, which does not want to see the country denuded of stock by a wholesale slaughter of animals, has promised its co-operation.

The situation is much better in the northern parts of the Prairie country, where fair to good crop prospects remain and feed is reasonably plentiful. In Ontario the drought situation has been greatly relieved by heavy rains during the past week, though more are required in many districts. Crop prospects are reported to be good in the Maritime Provinces, Quebec, Eastern Ontario and British Columbia. The latter province is credited with one of the best crops on record.

The prices of grain have been rising steadily, and that of wheat is now well above the minimum price of 87½ cents per bushel, fixed by the Government, at which the Canadian Grain Board is instructed to buy all wheat offered by the farmers. Mr Bennett has protested against the continuance of the policy followed by the new Canadian Wheat Board under the instructions of the King Government in offering its holdings at the ruling market price, which is to-day about 92½ cents (No. 1 Northern). Mr Bennett argues that present statistical and climatic conditions justify a price of at least a dollar per bushel for Canadian wheat; and he has urged the farmers' organisations, the Western Provincial Governments and the municipalities to join forces in bringing pressure to bear upon the Government to hold wheat off the market for a price more in conformity with the world wheat situation. The Government, however, takes the view that since the

Western grain-growers have disposed of practically all their 1936 crop they will gain more by a reduction of the carry-over on July 31st to reasonable dimensions. The Board of Grain Commissioners estimates that the carry-over on July 31st will be about 125 million bushels, which would be 90 million bushels below the figure at the end of the previous crop year.

The National Employment Commission is now functioning actively, and it has fixed September 1st as the date for beginning a census of the unemployed who are on relief for the purpose of ascertaining their employability and the geographical distribution of different classes of workers. The Provinces will co-operate in this task, and when a register of the unemployed is secured they will keep it up to date by monthly revisions.

"PROSPERITY CERTIFICATES" IN ALBERTA

In Alberta the Aberhart Ministry has its plans completed for its experiment with "prosperity certificates," and they are to be put in circulation immediately and used at first in payment of labour and material on highway construction, at which the unemployed will be set to work. It remains to be seen how far the business community will be prepared to accept them as adequate currency, and although Mr Aberhart claims that many merchants have signified their willingness to handle them, a number of trade associations have refused. Mr Aberhart freely admits that these "prosperity certificates" are not "Social Credit," or even a substitute for it, but as a first step towards payment of the basic social credit dividends, which he has promised to make available within eighteen months of assuming office, his Ministry has passed an Order-in-Council authorising the Ministry of Trade and Industry to undertake in August and September a thorough registration of the citizens of Alberta.

The results of the Provincial election held in Manitoba on July 27th indicate a persistence of the tendency of Canadian voters, visible since the depression, to vote against the party in power. Moreover, this disposition was aggravated by the serious crop failure which is afflicting a large part of the province. The Liberal-Progressive Ministry of Mr Bracken, which has held power since 1922 and had 38 out of 55 seats in the late legislature, lost its clear majority.

The business outlook for the second half of 1936 has been clouded by the serious failure of the prairie grain crop; but if the present sharp upward climb in grain prices continues, the ultimate purchasing power of the prairie grain-growers may be as large as a year ago. However, the general underlying tone of business remains fairly steady, and although retail trade in the towns and cities is suffering from the absence of many residents on holiday, it is brisk at all the holiday resorts, which are benefiting from an increased influx of American tourists. The following is the movement of the general economic index of the Bureau of Statistics:—

Week ending	Car-loadings	Wholesale Prices	Bank Clearings	General Index
July 20, 1935	74.9	71.5	84.8	100.1
July 11, 1936	78.0	73.9	97.3	109.1
July 18, "	78.6	74.1	97.1	110.3

The demand for durable goods remains strong, and the mining fields of Northern Ontario and North-Western Quebec continue to pour in a stream of very profitable business to firms dealing in machinery and other supplies for mines. There have been some strikes for higher wages in different parts of the country, but on the whole Canada is at present comparatively free from labour troubles. Exports and imports in June were lower than in May, but were well above June, 1935.

The yield of the Federal revenues for June amounted to \$33,601,444, compared with \$27,034,896 in June, 1935; and for the first three months of the current fiscal year the ordinary revenues, aggregating nearly \$135,000,000, are about \$17,500,000 up. Expenditure, ordinary, special and capital, totalled \$46,022,637 in June, an increase of roughly \$4,000,000.

OTTAWA, August 2.

BOOKS AND PUBLICATIONS

THE POPULATION PROBLEM

Few divisions of economic thought have witnessed a more complete revolution in the last ten or fifteen years than the discussion of population problems. Ten years ago the discussion was theoretical and the approach neo-Malthusian. The spectre of inevitable over-population had been laid, but attention was concentrated on the "optimum population" which was usually suspected to be less than the actual population. The conclusion was almost always in favour of restricting births, at least in large classes of the people.

The new approach is most admirably illustrated by Professor Carr-Saunders' book.* The discussion is now very largely statistical; for both the sources of data and the statistical methods of handling them have greatly improved in the past decade. Talk of an "optimum" population has almost disappeared (Professor Carr-Saunders only mentions the word in an appendix). It is realised that population is going to decline, soon and fast, without there being much possibility of Man's arresting the decline, at least for many years to come. From the neo-Malthusian attitude, opinion has swung round so violently that the talk is now of race extinction.

Professor Carr-Saunders builds up his case most carefully, quoting almost all the relevant figures and opinions. The increase in world population which began in the eighteenth century he shows to have been due, almost exclusively, to a decline in the death-rate. The subsequent slowing-up of increase and the impending decline are due to a very radical decline in the birth-rate, which, after a most careful and cautious discussion, he ascribes to the growing practice of birth-control—that is, contraception as opposed to the age-old devices of limitation of marriage, abortion and infanticide. Parents, he believes, have always wanted fewer children than "nature" sends, but hitherto the only methods of limitation have been painful or repugnant. The revolutionary new fact is that the parental instinct can be, and is, satisfied when the average family is not sufficient to replace the existing population.

Professor Carr-Saunders is not very optimistic about the possibility of changing the trend. There are still many "unwanted" children and, therefore, the further spread of birth-control will produce a continued decline in the "net reproduction rate." This rate, which may be very roughly defined as the number of surviving female children born to the average woman in her lifetime, is already as low as 0.75 in England and Wales. That means that each generation will soon be only three-quarters of the one before. Measured in generations, this is a remarkably rapid rate of decline. To stop it involves nothing less than a social revolution, for the whole outlook of our society is now keyed to the small family.

"The ingenuity and enterprise of inventors and of entrepreneurs (Professor Carr-Saunders says) are exerted in the interests of the unmarried and the childless; it is the needs of the unencumbered adult that everyone tries to satisfy. Housing exhibitions show us model flats upon which every care has been lavished and in which no child could ever find a home. In the last fifteen years two million houses have been built, and there is now an Act which gives a definition of overcrowding and makes it a statutory offence. It is possible that, taking the sizes of these houses and the definition of overcrowding together, the result will be to produce a situation in which the population of these houses cannot replace themselves."

More is needed than merely larger houses. Medical attention to the pains and perils of childbirth, the removal of the advantages of wealth in educating and establishing children, cash subsidies to the large family—all these will be needed if a very rapid decline of the population is to be avoided. The only criticism of the scope of the book which can be made is that the author does not sufficiently illustrate the economic dangers of a shrinking (as opposed to a steady but smaller) population. There are still many people who would accept his prognosis of a rapid fall, and welcome it. The impression must not be given that Professor Carr-

* "World Population. Past Growth and Present Trends." By A. M. Carr-Saunders. Published under the auspices of the Royal Institute of International Affairs. Clarendon Press. 336 pages. 12s. 6d.

Saunders confines himself to Great Britain, or even to Western Europe. His field of observation is the world, and he covers it as diligently as the available statistics permit. He finds declining fertility everywhere in the white countries and also in Japan. He points out that the overseas white countries are both themselves failing to occupy their land, and also limiting immigration precisely to those stocks whose fertility has already fallen furthest. Within the white race there is a problem due to the fact that the countries of Southern and Eastern Europe still have a considerable increase to come, before decline sets in, although some of them, especially Poland and Italy, are already overcrowded. For the problems of over-populated countries such as China and India, he sees no happy solution at all.

This is a very well-written and authoritative book on a problem which will rapidly become one of the greatest in the world. For once the platitude is literally accurate: every serious student of affairs should make it his business to read it.

SHORTER NOTICE

"World Politics, 1918-1936." By R. Palme Dutt. 362 pages. Gollancz. 5s.

Mr Palme Dutt, editor of the *Labour Monthly* and a well-known Communist writer, presents in this book the orthodox Communist interpretation of the post-war international situation. Those who read his previous book, "Fascism and Social Revolution," and enjoyed its qualities, even if they disagreed with many of the arguments, will probably be disappointed in "World Politics, 1918-1936." It shows few traces of original thought, contains too much repetition of familiar slogans and is written in parts in a manner well calculated to irritate all but the most devout Stalin-Lenin Marxists.

The book is not really a history of the post-war period. It is rather a series of essays revolving round a few important contentions. One of these contentions—that there are national and imperialist rivalries and that these rivalries are at present unmistakably leading to war, would not be disputed by any intelligent observer of foreign politics. In the latter half of the book, which is by far the best, Mr Dutt analyses with considerable skill the nature of these rivalries at the present time and the foreign policies of different countries. Best of all is his incisive account of Hitler's foreign policy and the reaction to it of British Conservatism.

Mr Dutt's immediate and positive proposals, based as they are on this concrete analysis, will also be widely approved. He advocates a true collective security system which the Fascist States must be invited to join, but which must be carried through without them if they decline; and the formation of a peace bloc by France, Russia, Great Britain and the smaller Powers, whose united force would be sufficient to deter aggressors.

It is a pity that this book has the weaknesses—both of form and content—which arise directly out of the narrow and doctrinaire spirit in which it is written. And it is surprising that Mr Dutt, for whom "the popular front" is presumably an immediate objective, should take pains to emphasise by his arguments the differences between the Communist and other Left wing points of view, and to antagonise by his manner those who might otherwise be sympathetic.

BOOKS RECEIVED

- Documents on International Affairs, 1936.* Vol. I. Edited by J. W. Wheeler-Bennett and S. A. Heald. (London) H. Milford. 318 pages. 15s. net.
- The Doctrine of Personal Right.* By S. Hutchinson Harris. (London) The Dolphin Bookshop. 591 pages. 12s. 6d. net.
- The Tourist Industry.* By A. J. Norval. (London) Pitman and Sons, Ltd. 343 pages. 12s. 6d. net.
- The South African Journal of Economics, June 1936.* (Johannesburg) P.O. Box 5316. 6s. net.
- The Danube, Link of Central Europe.* By A. Šašek. (London) W. H. Smith and Sons. 32 pages. No price stated.
- The Indian Companies Act. Representations by the Bombay Shareholders' Association to the Government of India.* (Bombay) Agakhan Building, Dalal Street. 234 pages. No price stated.
- An Introduction to Economic Problems.* By H. F. Clark. (London) Macmillan & Co. 271 pages. 7s. 6d. net.

MONEY AND BANKING

CAPITAL STRUCTURE OF BRITISH BANKS

DISCUSSIONS of banking problems usually range around such questions as the proper relation between cash and deposits and the nature and distribution of the banks' earning assets. Matters concerned with capital and reserves are generally taken for granted, on the implicit assumption that it is the banks' own business to see that both are adequate, and that in Great Britain they are invariably ample. The question, however, merits more detailed treatment, partly because of its historical interest and partly because it raises certain important issues.

We show, accordingly, in the two tables which follow, the capital, reserves and deposits of the "Big Five" and the three Lancashire banks. The first table is an analysis of the banks' issued capital, and gives separate totals for the various classes of shares. In the second table, the paid-up capital (including both the fully-paid shares and the amounts paid up on the partly-paid shares) is compared with the banks' disclosed reserves and deposits:—

BANKS' ISSUED CAPITAL
(£'000)

	Partly-paid Shares			Fully-paid Shares
	Callable	Paid-up	Total	
Barclays	...	...	...	15,858
Lloyds	57,492	14,373	71,865	1,437
Midland	27,255	7,173	34,428	7,075
National Provincial	34,138	8,309	42,447	1,170
Westminster	21,213	7,071	28,284	2,249
Total, "Big Five"	140,098	36,926	177,024	27,789
District	7,584	1,896	9,480	1,080
Martins	16,442	2,349	18,791	1,811
Williams Deacons	6,248	1,562	7,810	312
Grand total	170,372	42,733	213,105	30,992

CAPITAL, RESERVES AND DEPOSITS
(£ millions)

	Capital			Reserves	Paid-up Capital plus Reserves	Deposits	Ratio of Capital and Reserves to Deposits
	Callable	Paid-up	Total				
Barclays	...	...	...	...	...	...	...
Lloyds	57.5	15.9	73.4	10.2	26.1	414.2	6.3
Midland	27.3	14.2	41.5	11.5	25.7	385.6	6.1
National Provincial	34.1	9.5	43.6	8.0	17.5	308.2	5.5
Westminster	21.2	9.3	30.5	9.3	18.6	356.4	5.2
Total, "Big Five"	140.1	64.7	204.8	47.5	112.2	1,941.9	5.8
District	7.6	3.0	10.6	3.0	6.0	74.9	8.0
Martins	16.4	4.2	20.6	3.1	7.3	92.0	7.9
Williams Deacons	6.2	1.9	8.1	0.8	2.7	35.9	7.5
Grand total	170.3	73.8	244.1	54.4	128.2	2,144.7	6.0

Clearly, there is no uniformity in the capital structure of the different banks. Barclays Bank has all its issued capital in fully-paid shares, but the callable portion of the capital of the other banks considerably exceeds the amounts paid-up. The ratio of unpaid to paid-up capital varies appreciably between the different banks. The explanation of these discrepancies is purely historical. Each of the "Big Five" is an amalgamation of several large banks, each of which in its turn had absorbed a number of smaller institutions. Every amalgamation involved the creation and exchange of shares after delicate and protracted negotiations, and the results, naturally, bore the stamp of expediency rather than of perfect symmetry.

Banking capital has a twofold function. In the first place, a bank must immobilise a certain part of its resources in fixed assets such as premises. The second—and more important—function of a bank's capital is to serve as a shield to deposits, for if a bank's assets depreciate, the loss falls on the bank's capital and reserves before it descends upon deposits.

For this reason, in the early days of banking the proprietors' liability was unlimited, and depositors were "covered," legally, to the full extent of the proprietors' personal fortunes. With a few exceptions, the principle of limited liability was not extended to joint-stock banks by law until 1858, and even afterwards competition and prestige precluded many banks from giving this protection to their proprietors. In 1878, the City of Glasgow Bank failure shocked the susceptibilities of investors everywhere, for the entire fortunes of practically all the bank's stockholders were involved in its ruin. Some trustees found themselves liable, merely because the trust funds included a few City of Glasgow Bank shares, though many of them were unaware that they were even on the bank's share register. The result of this disaster was that it became practically impossible to obtain fresh banking capital, and during the next few years the majority of the banks were compelled, willy-nilly, to adopt limited liability.

It was felt, nevertheless, to be against the interest of depositors to relieve shareholders of all liability, and so the banks reorganised their capital so that their new shares carried a heavy call. This principle has persisted until to-day. There has been, however, a certain departure from the strict letter of this principle, for all the banks have, additionally, issued fully-paid shares, and the whole of Barclays' capital is in this form. In recent years, again, the market price of bank shares has been well in excess of their nominal paid-up value, and a shareholder's liability under a call may, in fact, be approximately equal merely to the amount of cash he actually paid for his shares. For example, the market price of Westminster Bank £4 shares, £1 paid, is now £4 15s., against a call liability of only £3. The original conception was that fully-paid shares should be held by the small investor, while partly-paid shares were more suitable for the wealthier classes. It is more than doubtful if bank shares are distributed on those lines to-day. Many shareholders, it may be surmised, would have great difficulty in meeting a call, and in practice the possibility of any of the big British banks even enforcing one is somewhat remote. Such a contingency could occur one may safely assume, only as the result of a major financial crisis in which Government intervention would almost certainly be forthcoming. The fate of the Anglo-South American Bank, again, suggests that, rather than inflict a call on the shareholders of a single bank, the banking world is prepared to carry out the necessary salvage work for the sake of its own prestige.

In these circumstances it is surely illogical that partly-paid banking shares should stand at an appreciably lower price level, on the Stock Exchange, than fully-paid shares. The very existence of partly-paid shares, indeed, is itself fast becoming an anachronism. The high rates of dividend declared on bank shares tend, incidentally, to confuse the issue. Few people realise that the dividend arises not only from the share capital but also from the published and unpublished reserves, which equally are the property of the shareholders, and that its ratio to total assets (which are a bank's real "working capital") is very low indeed. It is not easy, however, to see how any fundamental change can readily be made. To extinguish the shareholders' liability to a call would require the consent of every depositor. On the other hand, the amount involved is too great to permit of the issue for cash of fresh shares in substitution for the unpaid portion of the existing shares. To capitalise reserves for the purpose of extinguishing the calls would be to discriminate against the fully-paid shareholders. The banks are not in need of large amounts of new share capital, and they could not earn on it anything like the existing percentage dividend.

This last point introduces the question of the proper relation between a bank's capital and deposits. In pre-war days, the average ratio of capital and published reserves to

deposits was a little over 10 per cent., and this was regarded as an adequate cushion for depositors. The enormous expansion in deposits since 1914, due to monetary causes, has completely upset this relation, and, as our tables show, to-day the ratio for all the eight banks is only 6 per cent. For the "Big Five" it ranges from 5.2 per cent. for the Westminster to 6.3 per cent. for Barclays, while the ratios of the Lancashire banks are rather higher. It does not follow, however, that the banks are "under-capitalised," because an unknown part of these deposits consists of undisclosed reserves, contingency funds and so on, which are the property of the shareholders. The transfer of these from customers' to shareholders' "account" would make a considerable difference in the ratio.

The fact is that the British joint-stock banks have developed into quasi-national institutions, and failure could only occur in a major economic disaster. In such an event the power to call up the unpaid capital would be worthless, because the bank's shareholders would be involved in the general ruin. Hence a bank's capital, whether paid-up or callable, has in practice ceased to be an effective protection for the depositors. To proceed to argue, however, that the banks, for that reason alone, should proceed to increase their capital simply in order to abolish the call is too wide a step. On the other hand, the discrimination against the partly-paid shares on the Stock Exchange, which finds reflection in a lower price and higher dividend yield, appears to have to-day a justification which is more academic than realistic.

FINANCIAL NOTES

Banque de France Policy.—The new General Council of the Banque de France, which replaces the former Council of Regents, held its first meeting on Tuesday. The Permanent Committee consisting of the Governor, the two deputy-governors and four councillors, to which the Council may delegate all or part of its powers, was elected. M. Labeyrie, in his speech of welcome to the new councillors, stressed the duty of the Bank to assure to the full extent of its powers the stability of the franc and the lowering of interest rates for the benefit of French industry. He equally insisted on the maintenance of the Bank's traditional rules affecting discounts and advances, and while this was probably an admonition to his new colleagues, it may have been also an indirect warning to the Government against over-borrowing from the central bank. Apart from this, M. Labeyrie said little of a definite character. He, no doubt, realises that the main duty of the Bank will be to carry out and not inspire the Government's monetary policy, which cannot yet have reached its final shape, and his words were probably intended to ensure some continuity of tradition during the transition which has now taken place from the old to the new régime.

The Foreign Exchanges.—French francs have remained weak, and on Wednesday the spot rate in London rose from Frs. 76½ to Frs. 76¾. Three months' francs also weakened from around Frs. 3 to Frs. 3¼ discount. The franc is also quoted at the export gold point not only against the dollar, but against the guilder and possibly the Swiss franc, though the last rate may be just inside the gold point. A further small amount of gold has been engaged in Paris for shipment to New York, and it is thought that the French authorities have been supporting the franc by selling dollars against francs in the Paris markets. The Banque de France's return for August 14th shows a gold loss of Frs. 141 millions, but the note circulation has contracted by Frs. 548 millions. There is a further switch-over of Frs. 925 millions from Treasury Bonds re-discounted to provisional advances. Both spot dollars and gold *bloc* currencies have tended to follow the franc in these quotations against sterling. This is only natural with all the Paris cross-rates consistently at the export gold point. On balance there is little change in London spot quotations.

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SKANDINAVISKA
KREDITAKTIEBOLAGET

The Money Market.—Conditions remain very comfortable, but there is still a fair afternoon demand for money. The mid-monthly excise duty payments took a certain amount of money off the market, while the absence of any Treasury Bill maturities on Monday also meant that money was less plentiful early in the week. These influences offset the further return of notes from circulation.

	July 30, 1936	Aug. 6, 1936	Aug. 13, 1936	Aug. 20, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ..	½	½	½	½
Short loan rate:—				
Clearing banks	½-1*	½-1*	½-1*	½-1*
Others	½	½	½	½
Discount rates:—				
Treasury bills	½	½	½	½
Three months' bank bills	½-¾	½-¾	½-¾	½-¾

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.

The banks have been buying Treasury Bills maturing from September onwards to early November at ½ per cent. The market's buying rate for three months' bank bills is ½-¾ per cent., but competition makes the lower rate the more effective.

The Bank Return.—This week the note circulation has been reduced by £5.9 millions, which is comparable with the parallel reduction last year. Thus there has been no further pronounced French hoarding of British currency. Nevertheless, the Bank has begun buying gold again, but its recent purchases have been much smaller than those of July. The Bank's total purchases between June 10th and August 19th amount to £44.8 millions, valued at the Bank's statutory buying price, or to about £73 millions at the current market price. Imports from France, valued at the current market price, amount to £57.2 millions during the same period, so that on the assumption that the Bank repatriates all its gold there is still some more to come.

	BANK OF ENGLAND				
	Aug. 21, 1935	July 29, 1936	Aug. 5, 1936	Aug. 12, 1936	Aug. 19, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	193.3	239.9	243.0	243.0	243.8
Note circulation	400.4	448.6	454.4	450.3	444.5
Banking Department:—					
Reserve	53.5	52.4	49.6	53.7	60.3
Public deposits.....	15.9	42.3	17.6	17.4	23.6
Bankers' deposits	93.9	75.2	92.7	98.0	96.0
Other deposits.....	36.9	39.4	38.5	38.0	40.0
Government securities ..	83.5	96.4	89.9	89.6	86.4
Discounts and advances ..	13.0	7.1	8.9	8.9	9.7
Other securities	15.0	19.1	18.5	19.3	21.3
Proportion	36.4%	33.3%	33.3%	35.0%	37.8%

In the banking department the week's excise duty collection and the absence of Treasury Bill maturities on Monday have caused a temporary transfer of funds from bankers' to public deposits.

THE STOCK EXCHANGE

WALL STREET PERSPECTIVE

BOOMS in Wall Street follow a fairly well-defined course. After prolonged depression, security values begin to rise. The experts, arguing conservatively in terms of meagre earnings, declare that quotations are high. Prices continue to rise. The augurs, throwing earnings criteria overboard, proclaim that quotations are bound still higher, that nothing can arrest them, that the half has not been told. Then prices fall. . . . That, briefly, was the story of 1926-29. Will history repeat itself in 1933-36?

In June, 1932, the Standard Statistics' combined index of 419 industrial, railroad and utility common stocks (1926 = 100) stood at a low depression level of 32.3. At the time of the banking crisis in March, 1933, the index was standing at 40.9. Four months later, in the sentimental false dawn which followed President Roosevelt's accession, it had risen by 104 per cent. to 83.4. A prolonged and relatively severe reaction followed, however, and it was only on the declaration of the unconstitutionality of N.R.A. in May, 1935, that the upward movement really began to make impressive headway. As recently as in April of this year, a fortnight's sharp recession cancelled, for a time, practically all the gains secured since the beginning of 1936. During this period, a market broadsheet reached London, whose author discussed seven separate possibilities and concluded his survey of six with the words: "Outlook, bearish." Prices, nevertheless, have quickly recovered, and have lately been "breaking" into new high ground (post-depressionist), with inspiring consistency. To-day the Standard Statistics' index stands at 113.2, having risen by no less than 250 per cent. from its low point of 1932, and by 62 per cent. in the last fifteen months. A few conservative people are asking, not unnaturally, whether the advice to beware when all men speak well of a market applies in the present instance.

Certainly the industrial background is favourable. Recovery started later in the United States than in Great Britain, and, as it was initiated and has been steadily punctuated by widespread Government spending, it was naturally first apparent in the consumption industries. The automobile industry, the classic bridge between the capital and consumers' goods trades, whose progress has so often been the best of all forecasting "pointers," began

rapidly to increase its output early in 1934. Production this year has been running at an average level of over 400,000 cars and trucks a month, nearly three times as high as in the first part of 1932 and within 20 to 25 per cent. of the level of the corresponding months of 1929. Meanwhile, increased activity in the capital-producing industries, heralded by revival last year in the machine tool trades, has been widely interpreted as evidence that revival is definitely established and has still some way to go. Despite the drought in the Prairie States and the election campaign, almost every economic index has continued to improve. Taking the Standard Statistics Company's figures in each case, the composite index of general industrial production (corrected for seasonal variations) has been on the average 16 per cent. higher in the first six months of 1936 than of 1935, but whereas in the capital goods industries the increase is as much as 31½ per cent., in the consumers' goods trades it is no more than 2 per cent. Steel ingot production has been, on the average, 33 per cent. higher in the first half of this year than of last, and, having resisted the normal seasonal trend, is now estimated at approximately 72 per cent. of capacity. Railway equipment production, which was still at a low ebb of depression early in 1935, has increased fourfold in the first half of this year. Even building activity—which has been a significant laggard in recovery—has recently shown at least the beginnings of revival. The value of building contracts awarded in thirty-seven States has been 77 per cent. higher in the first half of 1936 than of 1935.

It is true that employment in America has tended to increase in less than due proportion to the rise in the volume of industrial production. In the first five months of this year, for example, employment in manufacturing industries, according to the U.S. Bureau of Labour Statistics, was only about 3½ per cent. better, on the average, than in the corresponding period of 1935. The American people, however, have certainly had more to spend. The increase in the aggregate industrial payroll has been officially put at about 10 per cent., and in total farming incomes at 11 per cent., for the first half of this year, compared with last. The total mail order sales of the two largest houses in the first five months were \$297 millions against a corre-

sponding 1935 figure of \$255 millions—a rise of 16 per cent. The total advertising space taken in the newspapers of 52 cities and towns, during the same period, has been computed at 552 million "lines" against 512 millions—a rise of 8 per cent. These figures, incidentally, relate to the period before the great Veterans' Bonus "hand-out" last June.

The United States, as we pointed out in a recent leading article (see the *Economist*, August 1, 1936, page 210), has still many fundamental problems to solve. There is, however, an impressive weight of statistical evidence that the immediate outlook for American recovery is undoubtedly favourable. How far is the stockholder, as such, likely to share in its fruits? Revival has reached a stage at which the financial slack of the depression period has been taken up, and industrial profits are rising at a faster pace than industrial production itself. A compilation made by the National City Bank shows that 285 companies earned net profits (after deducting ordinary taxes and deficits) of \$554 millions in the first half of this year against \$341 millions in the first half of 1935. Thus, earnings were nearly 63 per cent. higher in the first half of this year than of last. A smaller sample of 120 companies, analysed by the service already mentioned, showed an even greater average increase, with a marked quickening of the pace in the second quarter. Whereas the rise in 1936, compared with 1935, was 52 per cent. in the first quarter, it was 72 per cent. in the second.

How far have these conditions been reflected on Wall Street? Equity share prices as a whole, we have shown, are about three-and-a-half times as high as they were at the lowest point of depression. They are still only half as high, on the average, as at the peak of 1929. But it may be equally pointless to measure a healthy subject's temperature in degrees above *rigor mortis* or below fever heat. And indices which are based on averages, in any case, obscure the wide spread which obtains, to-day, between quotations for individual shares. This feature is strikingly revealed even by a short list such as that shown at the foot of the opposite page. The equity stocks included in that list have, presumably, "recovery" possibilities, since they have, with few exceptions, been purchased by one or more of the leading American investment trusts this year. But they show unequal rises during the last few months, and their prices discount future increases in earnings in unequal degree. Present quotations represent anything between 14 and 16 years' purchase of the disclosed profits of 1935, where profits were earned.

What, then, is the immediate outlook for the market generally? Obviously, the end of the rise is not yet in sight. Although speculative activity has undoubtedly increased in recent months, the disposition of a fair section of the public is no whit behind the authorities in their efforts to prevent a large open position from developing. Develop it will inevitably, in due course, but that will not be before the election, and may well be even later. In 1928, and in other election campaigns held during a rising market, there were sharp intermediate reactions in September and October, and until the issue of the contest is much clearer than at present, the Stock Exchange is unlikely to be immune from similar movements this year.

In any case, investors will find earnings prospects rather than market psychology the best guide to policy, even on the assumption of a rising price trend for several months to come. The economic factors discussed in earlier paragraphs suggest, broadly, that the capital goods industries have more "recovery profits" in immediate prospect than the consumption trades. Market prices, however, have already partially discounted this condition. It is possible, finally, that the new tax law, which imposes surtax on company income which is undistributed in dividends, may increase the amounts paid out to shareholders in general. Whether this penalisation of corporate "saving" will be in investors' interests in the long run is doubtful. Its economic effects may, however, bear rather more heavily on the capital than the consumers' goods companies. The former, with their large fixed plant, may have to draw the line between liberality and conservatism in ploughing back profits, over and above their normal depreciation charges, more prudently than the latter. But their earnings, in the next few months, have the more attractive

basic possibilities, and their increased activity, in turn, is a bull point for the railroads, which depend largely on the heavy trades.

Wall Street, in short, may be sceptical but largely unconcerned when Mr Morgenthau prophesies an early return to balanced Budgets. For time, at the moment, is more on Wall Street's side than on President Roosevelt's.

INVESTMENT NOTES

The Rise in Equities.—Activity on the London Stock Exchange has been checked neither by the holidays nor by political alarms and excursions in South-Western Europe. Optimism among investors, against a background of favourable reports from almost every domestic industry, has proceeded so fast and so far in recent weeks that a pause for stock- and breath-taking may not be inappropriate. Between December 31, 1935 and August 18, 1936, the Actuaries' Index of 178 industrial ordinary shares (December 31, 1928=100) advanced by 7.3 per cent., from 80.8 to 86.7. The *Financial News*' Daily Index, which is based on a smaller, but somewhat more active, sample of thirty industrials, has risen in the same period by 9.0 per cent. The rise has been confined almost entirely to equity shares. During the same period, the *Financial News*' Daily Index of twenty fixed interest stocks has shown a net rise of only 0.4 per cent. The Actuaries' compilation permits of a closer analysis. It shows that, during the first seven months of this year, British Government 2½ per cent. Consols actually declined in value by 2.3 per cent. Some forty representative industrial debentures showed no material change, while 113 preference shares enjoyed an average rise of 2.2 per cent. The conclusion would appear to be that the factors in this year's advance have been *industrial*. Interest considerations have been of negligible, and even of negative, significance. Actually, the available data suggest that, so far as there has been any movement in interest rates at all, it has been upward rather than downward. On January 7 last, the average dividend yield on the 178 ordinary shares in the Actuaries' Index was 3.59 per cent. On August 18th, despite the intervening rise in Stock Exchange prices, the yield was 0.05 per cent. higher at 3.64 per cent. Thus, contrary to popular impression, the rise in equities since the beginning of this year has been mainly an adjustment in response to the increased dividends declared by British companies. Average figures may, however, convey a misleading impression, for it is common knowledge among investors that this year's activity has been largely concentrated on specialised groups of shares, whose separate movements are obscured in a general index. We have, therefore, set out in the following table the relevant figures for the seven sub-groups in the Actuaries' Index which have shown the greatest percentage rise in Stock Exchange values since the end of last year:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)	
	End 1935	Present (Aug. 18)	Change	End 1935*	Present
Shipping (4)	15.6	19.1	+22.8%	0.22	0.77
Oil (5)	71.2	85.7	+20.4%	3.06	3.20
Home Rails (4)	64.9	77.2	+19.0%	1.58	1.51
Iron and steel (12)	67.8	80.6	+18.8%	2.81	3.70
Coal (7)	91.5	103.6	+13.2%	4.30	3.24
Building materials (5)	92.7	104.7	+12.0%	4.27	4.64
Motors (5)	53.1	59.9	+12.8%	4.36	3.66

* Jan. 7, 1936.

The fact that shipping holds pride of place is due mainly to a modest recovery in a market where prices had fallen, in many instances, to within hailing distance of zero. The remaining six "winners" include two fuel industries (oil and coal), two agencies of transport (home rails and motors), and two capital industries (iron and steel and building materials). The Actuaries' Index, unfortunately, does not include an "armament share" sub-section, but the welcome given to recent new flotations having even the faintest re-armament flavour leaves no doubt of the

SOME AMERICAN RECOVERY STOCKS

Common Stock	Industry	Par Value	Earnings per Share (complete years). (\$)			Latest Earnings per Share (\$)			Prices			No. of Years' Purchase
			1933	1934	1935	Period (No. of Months)	1935	1936	Lowest, 1929-35	Highest, 1936	Latest	
Railroads:—		(\$)										
Atchison	South-West R.R.	100	<i>Dr.1-03</i>	0.33	1.38	5	<i>Dr.1-44</i>	<i>Dr.2-23</i>	17½	88	79½	†
N.Y. Central	Eastern R.R.	100	<i>Dr.1-08</i>	<i>Dr.1-54</i>	0.02	5	<i>Dr.0-69</i>	<i>Dr.0-14</i>	8½	43½	41	21
Pennsylvania R.R.	Eastern R.R.	50	1.46	1.64(a)	1.81	5	0.59	0.68	6½	39	37½	†
Southern Pac.	R.R. Holding	100	<i>Dr.1-32</i>	0.11	0.62	5	<i>Dr.0-91</i>	<i>Dr.0-56</i>	6½	43	41½	67
Utilities:—												
Amer. Water W.	El. and Water	No	1.22	1.03	1.32	12	0.86	1.49	7½	26½	25½	19
Consol. Edison	Elec. and Gas	No	3.32	2.18	2.01	12	2.04	1.91	15½	44½	42½	21
Pacific G. and E.	Elec. and Gas	25	1.61(b)	1.83(b)	2.46(b)	12	1.94(b)	2.61(b)	12½	41	38½	16
Public Service N.J.	El. Gas, Trans.	No	3.26	2.95	2.73	12	2.67	2.39	20½	49½	46½	17
Extractive:—												
Cerro de Pasco	Copper	No	<i>Dr.0-27</i>	1.59	3.62	...	...	...	3½	58	52½	15
Int. Nickel	Nickel	No	0.53	1.14	1.66	6	0.64	...	3½	54½	52½	32
Soocony Vacuum	Petr. Prods.	15	0.70	0.78	0.72(c)	...	...	1.13	5½	17	13½	19
Standard Oil N.J.	Petr. Prods.	25	0.97	1.76(a)	2.43	...	...	...	19½	70	63½	26
Manufacturing:—												
U.S. Steel Corp.	Steel Prods.	100	<i>Dr.7-09</i>	<i>Dr.5-39</i>	<i>Dr.2-77</i>	6	<i>Dr.1-79</i>	0.42	21½	72½	67½	—
Republic Steel	Iron and Steel	No	<i>Dr.3-83</i>	<i>Dr.3-43</i>	0.49	6	0.47	0.44	1½	26½	22	45
Genl. Motors	Auto. Mfg.	10	1.72	2.00	3.70	6	1.85	3.17	7½	72½	65½	18
Chrysler	Auto. Mfg.	5	2.78	2.19	8.07	6	4.31(c)	6.83	5	123½	113½	14
Genl. Electric	Elec. Equip.	No	0.38	0.59	0.97	6	0.40	0.58	8½	47½	46½	48
Westinghouse El.	Elec. Equip.	50	<i>Dr.3-37</i>	<i>Dr.0-04</i>	4.48	6	2.35	2.98	15½	145½	138	31
Cont'n. Can.	Tin Can Mfg.	20	<i>Dr.1-79(a)</i>	<i>Dr.0-42(a)</i>	4.21(a)	12	3.93	3.74(a)	17½	87½	88½	16
Int. Harvester	Agric. Mach.	No	<i>Dr.0-64(b)</i>	<i>(c)0-22(b)</i>	2.17(c)	6	0.71	1.62	10	129	118	24
Johns Manville	Bldg. Suppl.	No	...	...	...	...	...	...	...	...	...	54
Retail-Mail Order:—												
Montgomery Ward	Mail Order	No	0.18	1.72(a)	2.65	8	0.40	0.54	3½	47½	44½	17
Sears Roebuck	Mail Order	No	2.35	3.13	4.45	...	...	...	9½	84½	82½	18

* 1935 profits, at latest price.

† Not calculated, owing to abnormal factors.

(c) After extraordinary charges.

(a) After adjustments.

(b) Before adjustments.

extent of contemporary speculative appetite in this group. Nevertheless, our table confirms the impression that, industrial share prices, with few exceptions, have not out-run dividends. In four of the seven sub-groups, present yields are higher than those prevailing at the beginning of this year. On the whole, investors are discounting recovery no more and no less, than they were seven or eight months ago. But the industrial boom is eight months nearer its end, whenever the end may be.

Fixed Trust Report.—Conservative financial circles, small investors, and unit trust managers themselves have all expressed their welcome to the Board of Trade Committee's Report. If the Committee have shrunk from suggesting legislation on several important technical points, it has accepted no limitation upon the scope of information which is to be required from the trusts. There are precedents enough, both from company law and Stock Exchange practice, which suggest that rules legislating upon highly technical matters can never be guaranteed against loopholes. If, however, the alternative of publicity is to be accepted as a check to the introduction of doubtful practice and apparently excessive profits from unit trust promotion, it should be made automatically available to unit holders, as the parties primarily interested. Unit trust managers have found cause for satisfaction on several points in the Report. At no point does it oppose the earning of jobbing profits, as such. They are, in fact, unavoidable, but since the manager knows when his purchases and sales are to be made and, by his advertising, can influence the market in his units, he should, on balance, profit from jobbing business. But equally, his hedging transactions against sales of units should, if well devised, also yield a profit. The discussion of price calculation, again, is inconclusive, and the problem is apparently left for the movement to solve for itself, subject to the possible check through Stock Exchange dealings (in which there are considerable technical difficulties and, probably, no great attractions for the jobbers) and to the annual publication of the managers' results. The leaders of the movement are not likely to contest this decision, at least in principle. Whether, however, they would all willingly accept the very revealing accounts which the Committee suggest is another matter. Clearly, the degree of disclosure required far exceeds the legal requirements for the revenue accounts of any other undertakings. No secret could be concealed from even the novitiate investor, and certainly none from the trust's competitors. From the first elements of cost to the detailed exposure of income from adjustments and participation in commissions, Form C of Appendix III appears to offer no loophole. Provided that publicity (and, if necessary, criticism) is effective, this statement will constitute a valuable safeguard—and also a precedent, one may hope, for fuller information from public companies' accounts. Some critics of the movement might have welcomed a firmer statement from the Committee on the question of repurchase of units under the guarantee of the managers. It is imperative that the precise legal weight of these guarantees should be investigated by the highest authority, and supported, if necessary, by legislation which should, in equity, be retrospective. Since the managers alone constitute the real market for their units, future trusts might have been required to adopt repurchase provisions, particularly since new trusts for some time past have adopted this obligation. Suggestions this week that the managers might evade the recommended deposit of £20,000 by amalgamation are clearly misconceived. This sum is suggested for each unit trust under their control, with the option of closing within three months. It is probable, indeed, that certain groups might prefer the latter alternative if the recommendation is adopted.

The Movement's Response.—Announcements published by the Association of Fixed and Flexible Trust Managers (which was summarised on page 331 of last week's *Economist*) and by individual managers have generally favoured the Report. Common to almost every case, however, is the claim that the legislative recom-

mendations of the Committee have been, in certain particulars, anticipated. It is important, in our view, that such claims should not be allowed to create the impression in the public mind that the need for legislation has been completely avoided by improvements effected by the movement itself. More than one trust may have anticipated the guiding principles of the recommendations. In a competitive and evolutionary environment, this is only to be expected. Provided, therefore, that these declarations are accepted as revealing the willingness of the trusts to introduce further changes to meet the Committee's recommendations, where legislation is not needed, no harm need arise. But it is evident that both the co-operative efforts of the movement, and the work of individual trusts who have preferred to remain outside the Association, can under present conditions cover only part of the safeguards to which the public is entitled. This is particularly true of disclosure of accounts, on which certain claims have been made this week. No details, in fact, have been published on the lines that the Committee recommends, and every unit holder has always been ignorant of the size of managers' profits. In the case of certain well established groups, including the "15 Moorgate" and Trust of Insurance, this week's announcements show that satisfactory reserve provisions have already been made in the past. The former group, whose sales are estimated at £9,000,000, has disclosed that its reserves approach £170,000, while the latter intends immediately to set up a special reserve of £60,000 to meet the deposit requirements of the three trusts in the group. Municipal and General Securities propose in future to separate brokerage from the total loading charges, and thus to leave stockbrokers to charge brokerage in the usual way. The loading charge on the open investment funds will be altered from 4 per cent., *cum* brokerage, to a net charge of 2½ per cent., except for the Foreign Bond units, where 5 per cent. will be payable. This change is intended to meet the views on the size of commissions expressed in the Report, but it might not be adaptable by groups which, unlike the Municipal and General, do not transact their business solely through stockbrokers.

New Zealand and the Investor.—The reactions of the London market to Mr Savage's rapid programme of legislation have not, so far, been significant, either for good or ill. It is true that New Zealand stocks were seriously affected by the "feeling" put out at the beginning of July, which suggested the possibility that New Zealand would seek a reduction of interest, despite the fact that there are no real opportunities for conversion, on the Australian scale, during the next decade. Sir Austin Harris, chairman of the National Bank of New Zealand, acted as the mouth-piece through which these suggestions were withdrawn, and the bonds have recovered their losses. The effects of the Government on internal conditions in New Zealand, however, were recently discussed by Sir George Elliott at the Bank of New Zealand meeting. We hope to consider Sir George's remarks at length on another occasion. For the investor, clearly, great importance attaches to the new forms of State control which have been introduced by Mr Savage. The Reserve Bank is now in complete control of credit and currency, and the private shareholders have been bought out. The bank has power to advance the full amount of estimated revenue to the Government, and may acquire unlimited amounts of long-dated New Zealand loans. The trading banks, which have hitherto derived much of their London exchange and a significant part of their profit from handling dairy produce transactions, will lose this business to the Reserve Bank, under the Primary Products Marketing Act. This Act, which is now in operation for butter and cheese, introduces guaranteed prices for dairy and other primary produce. State intervention on this scale may be successful while prices are rising, while exports are increasing, and while recovery produces a buoyant revenue. Whether, on a long view, it would encounter difficulties which might affect the Dominion's credit is open to argument. But the past history of guaranteed price schemes, and the complete backing of these particular schemes through the medium of the Reserve Bank, suggests that the Government may have awkward problems

to solve if, and when, depression returns to the shores of New Zealand. In that event, comparison of the New Zealand 5 per cent. stock, 1946, now quoted at 111, with, say, the Australian 5 per cent. stock, 1945-75, which stands at 110, might not prove so favourable to New Zealand.

Building Societies Co-operation.—It is the pleasant lot of the Building Societies' Year-Book invariably to describe the new records achieved by the movement each year. During 1935 progress was undiminished, and the year takes its rightful place in the annals of the movement. But examination of the 1936 edition of this work* suggests that interest in records has taken a minor place, recently, to the introduction of the "Code of Ethics and Procedure." Measures designed to prevent "insensate competition" have been contemplated by the leaders of the movement during the past four years, and their progress has always been controversial. Their final adoption, within recent weeks, has, unfortunately, proved highly contentious. It has, in fact, been necessary to wind up the National Association of Building Societies, and to create a smaller body to be known as the Building Societies Association. The Council of the latter body reveals three changes in personnel, but is led by the same chairman and vice-chairman. The new association is supported by societies with assets amounting to nearly £450 millions, compared with the £528 millions represented by the membership of the National Association. The number of societies which have expressed their willingness to adhere to the code is, in fact, greater, and since its provisions are written into the constitution of the new association, and their observance is obligatory, it is hoped to enlist all societies willing to subscribe to the agreement. It may, perhaps, be regretted that legal and other circumstances compelled the Council of the National Association to propose its own death-warrant. Without the provision of the "sanction" embodied in the rules of the new association, however, the "code" (which governs all aspects of mortgage policy) could not have been effected. Its introduction, although tardy, is undoubtedly to the good.

COMPANY NOTES

Radio Companies.—The opening of the Radio Exhibition at Olympia next week offers occasion for a review of an industry which, despite its great progress, has not, in the past, offered equal scope to the investor. Though the rate of expansion in the number of wireless licences is now smaller than five years ago, when maximum expansion happened to coincide with the bottom years of depression, there is nothing to suggest that the increase is likely to come to an early or sudden end. The figures for June, 1936, show a total of 7,695,500 licences against 7,119,400 for June, 1935, resulting in an expansion of 576,100 over the twelve months. For the year 1935 the increase amounted to 635,100 licences, and in the peak years increases of more than 900,000 were recorded. To offset a decline in the "natural" rate of growth, however, the trade may justifiably look forward to a considerable rise in replacement demand during coming years. Thus, for 1934 the total output of wireless receiving sets was 1,577,000, or, including radio gramophones, a total of 1,727,000 instruments. The expansion in receiving licences in force between December, 1933, and December, 1934, was 807,000. The total output for the year therefore exceeded the increase in licences in force by 920,000. The relatively small export trade, which took only 58,000 sets during the year, does not account for any part of this surplus, for net retained imports amounted to 82,000 sets. The surplus, therefore, must have been required to cover replacement demands, together with "duplication" demand (i.e. provision for more than one set to one receiving licence), increases in non-licensed receivers (probably very small) and increases in distributors' stocks. Replacement demand must have been much the greatest of these outlets, and probably

* Published by Franey & Co., Ltd., 37, Cursitor Street, E.C.4, 7s. 6d.

UNIT TRUSTS

Copies of "The Economist" of August 15, containing an extended summary of the Report of the Board of Trade Committee on Fixed Trusts, with a reasoned criticism and appreciation of its importance to investors, can be obtained on application to the publishers; price 1s. 1d. post free.

approached 50 per cent. of the total output. This percentage is somewhat higher than earlier estimates, but it seems reasonable, since the total of receiving licences in force in 1924 was 1,140,100, and all of the apparatus of that time would be completely obsolete, if not completely worn out, by 1934. There are, however, two factors which qualify this favourable replacement demand prospect. First, recent chairmen's speeches show a consensus of opinion that the trade is somewhat over-expanded at present and, despite the formation of trade associations to regulate prices, etc. in February, 1935, conditions are extremely competitive. The agreements have not broken down, but have at times seemed in some danger. The expansion of the market might adjust this situation if the trade as a whole appreciated that further expansion was

(Profits in £000)

	1930	1931	1932	1933	1934	1935	1936
E.K. Cole (May 31):							
Earned for ord....	Not public	105.2	102.8	Dr. 26.7*	88.6	142.8	131.6
Earned %	244.4	83.5	83.5	Nil	55.5	90.1	80.1
Div. %	100**	40	40	Nil	20	30	40
Kolster-Brandes (Dec. 31):							
Earned for div....	...	6.9	86.4	Dr. 26.8*	Dr. 150.1	Dr. 39.6	Dr. 75.7
Earned %	...	1.1	9.9	Nil	Nil	Nil	Nil
Div. %	...	Nil	Nil	Nil	Nil	Nil	Nil
Lissen (Mar. 31):							
Earned for ord....	...	38.3	134.4	77.1	£	Dr. 6.5*	4.0
Earned %	...	12.8	40.6	21.5	£	Nil	1.2
Div. %	...	Nil	12½	12½	£	Nil	Nil
McMichael (Dec. 31):							
Surplus	...	...	...	11.9*	Nil	35.1	...
Earned for ord....	...	...	...	12.1*	Nil	23.8††	...
Ord. div. %	...	...	...	8	Nil	Nil	...
Pye (Mar. 31):							
Earned for defd....	35.1	42.5	85.4	71.3	11.3	24.3	57.2
Earned %	150.9	182.7	379.4	316.8	48.6	104.7	250.1
Div. %	100	100	125	125	125	125	125
Electric and Musical (Sept. 30):							
Earned for pref....	...	...	11.4*	0.9	325.0	343.0	...
Earned for ord....	...	...	Nil	Nil	303.6††	281.2	...
Earned %	...	...	Nil	Nil	13.5	14.3	...
Div. %	...	...	Nil	Nil	10	12½	...

* Broken period equated to 12 months.
 † No accounting period ended in this calendar year.
 †† After normal pref. div.
 ** And capital bonus of 100%.

undesirable at present. It seems possible, however, that the second qualifying factor, namely the introduction of television, may begin to disturb equilibrium about the time when market expansion should be beginning to tell. At present, television is unlikely to appeal to the bulk market of the radio trade. Its attractions, however, are clearly of the kind which would command a very wide market if apparatus could be produced at a popular price, and strenuous efforts are likely to be made to reduce prices. Such disturbance will also tend to magnify the speculative feature inevitable in any industry which depends on the success of its "latest model" for the profits made by individual concerns in any given year. While it is possible that profits may rise further over the next year or more, it is not easy to foresee the longer-period outlook for any given concern.

Calico Printers' Setback.—The Association's preliminary statement of earnings for the year to June 30th is unexpectedly disappointing, despite the implicit warning in the decision, last February, to pass the interim preference dividend. After providing £128,000 for debenture interest and £379,335 for depreciation and maintenance (which is some £4,000 more than for the previous year), there remains a loss of £47,247, contrasting with profits of

£42,969 and £164,872 for the years ended in 1935 and 1934 respectively. A credit balance of £42,579 (against £39,826 brought in) is carried forward by bringing £50,000 from general reserve. The year's preference dividend is passed, but in the previous year the total requirement of £150,805 was uncovered by earnings to the extent of £107,836, and payment was made possible only by a transfer of £100,000 from reserve. Comparison with previous years appears the more unfavourable since recovery, although far from prominent in the textile trades, has not left them untouched. Between 1932 and 1934, the amounts earned for dividends ranged between £123,926 and £164,872, and these were years following the worst of the depression. An appeal to general considerations, therefore, does not throw much light on the sharp decline in earnings during the two latest years. The Association's reserve position is very strong, but evidently the directors are unwilling, in present circumstances, to draw upon them for preference dividends. The 5 per cent. preference stock, *cum* one year's arrears, stands at 10s. 6d. Investors must await publication of the full accounts in order to assess its prospects.

International Nickel and Platinum.—Stockholders of the International Nickel Co. of Canada are accustomed to assess their prospects by the trend of the nickel and copper markets. In these circumstances, they received a timely reminder recently from Mr Robert C. Stanley, the chairman, who mentioned in his quarterly letter to shareholders that the company is producing and marketing eleven different metals. Of these, platinum provides a rapidly increasing source of revenue. Five years ago, the International Nickel Co. was still an insignificant producer of platinum. The opening up of the Froid Mine, however, has increased its output so greatly that the company now supplies over 50 per cent. of the world's platinum production. In 1932, the company sold only 19,300 ounces of platinum. In the following year, sales rose to 77,198 ounces, and in 1935 they reached a peak of no less than 128,874 ounces. Since the company's platinum is produced as a by-product of nickel and copper smelting, production costs are therefore extremely low, and barely exceed 10s. per ounce. The price of the metal twelve years ago was £29 per ounce. Owing to the rapidly rising production of International Nickel, the price fell to £7 in 1934, and was maintained at that level until two months ago. There has been a sharp improvement in the demand in recent weeks, for the low price is stimulating its industrial application. The present price is £8 per ounce, disregarding an apparently abnormal mid-week "kick," and a further strengthening seems not unlikely, as world consumption, which reached the record level of 275,000 ounces in 1935, will certainly exceed 300,000 ounces this year. The company's nickel production has risen by 40 per cent. during the first four months of the current year, compared with 1935, and its platinum production is likely to have risen at the same rate. Sales of platinum by the company may therefore exceed 150,000 ounces this year. Even if last year's level is merely maintained, the company will earn an additional £130,000 per annum from the recent rise in price.

Beauharnois Difficulties.—The ill-starred power development at Beauharnois, upon the St. Lawrence river about 30 miles above Montreal, is passing through yet another crisis in its brief but inglorious career. In April, 1932, a combination of political and financial difficulties compelled the parent holding company, the Beauharnois Power Corporation, to default upon the 30 million dollar bond issue with which it had financed the earlier stages of construction. A reorganisation in the spring of 1933 provided that the remaining construction should be financed by a new issue of 5½ per cent. first mortgage bonds, to a total of \$40 millions by the Beauharnois Light, Heat and Power Company (the operating company). The original bond issue was reduced to the status of a second mortgage, with a suspension of interest payments until 1938, and with the compensation of an increase in the nominal value to \$36 million. The possession and control of the enterprise

passed from independent hands to those of Montreal Light, Heat and Power Consolidated. This reorganisation restored the Corporation to what appeared to be a satisfactory financial position. But a new danger appeared in the spring of 1935, when the provincial government of Ontario suddenly attacked the contracts for purchase of power which its predecessor in office had negotiated, on behalf of the Hydro-Electric Power Commission of Ontario, with the Beauharnois Power Corporation and other power companies of Quebec. The Provincial Government secured from the legislature authority to terminate its contracts, and the Beauharnois contract for the delivery of 250,000 25-cycle horse-power, out of a contemplated total of some 400,000-500,000 horse-power, was definitely cancelled in December, 1935. The failure of its principal purchaser at once threw the Corporation into serious difficulties. In its annual report of January, 1936, it announced that its remaining revenues would be insufficient to pay even interest upon the first mortgage bonds; and in March it proceeded to call meetings of the two groups of bondholders. These meetings have now been held. The second mortgage bondholders have twice failed to assemble a quorum. Their third meeting was fixed for August 20th, and had power to make binding decisions, but it was not expected to do more than elect a protective committee to watch over their general interests. The first mortgage bondholders, on the other hand, have already elected their protective committee, which put forward a proposal in June that the bonds should be converted into 3½ per cent. bonds of Montreal Light, Heat and Power Consolidated. Such a scheme would have made the latter company the ultimate beneficiary of any new sales of the power rejected by Ontario. The proposal has been modified by the Quebec Electricity Commission (a regulatory body) through the insertion of a provision that the original rate of 5½ per cent. shall be paid whenever the corporate income allows it. The revised scheme was approved by 73 per cent. of the holding at a meeting on August 10th; and it will become effective if it is accepted by 80 per cent. of the holding by August 28th. The future is, unfortunately, still uncertain. A change of government in Ontario might bring about a resumption of the contract; but only a severe power shortage would lead the present Government to reverse its decision. On the other hand, the change of Government in Quebec brings interesting possibilities. The new leader has promised to promote rural electrification, at low rates. But he gained his victory through denunciation of the old Liberal machine, and his policies are likely to be determined largely by the wrongs he will bring to light. His attitude towards Beauharnois will be shaped by his attitude towards the Quebec "power trust."

The Oil Position.—Although the leading oil shares have been fairly well supported this week, the market has not shown great activity. There is every indication that the leading groups are earning very satisfactory profits, but there are some features in the United States statistics which still preoccupy the market. In some respects, recent figures have been favourable. Stocks, for instance, showed a fall in June, particularly in petrol stocks, and the daily average production was below the all-time record of May. The average daily figure for May was 3,024,000 barrels, but in June the rate had fallen to 3,006,000 barrels per day. More recently, however, the rising trend has been renewed. For the week ended August 15, indeed, daily average production amounted to the new record figure of 3,070,400 barrels, compared with 2,963,000 barrels in the previous week, an increase attributable to a sharp rise in Oklahoma production. The market is, apparently, still somewhat concerned over the possible consequences of an increase in United States output of 12½ per cent. in crude oil for the first half of the year. But although stocks of gasoline are eight million barrels higher than a year ago, consumption has recently been running at exceptionally high levels, and significant inroads are being made upon the recent accumulation of refined products. It would seem that the industry can still count on a high rate of turnover, but the recent rate of United States production rules out any possibility of rising gasoline prices. This conclusion, however, should not disappoint the expecta-

tions of investors for a substantial rise in income during the current year. The financial strength of their companies has always been the envy of other industries. A leading firm of jobbers in the market has issued its annual computation of the liquid assets of the principal companies, from which the following extracts are taken:—

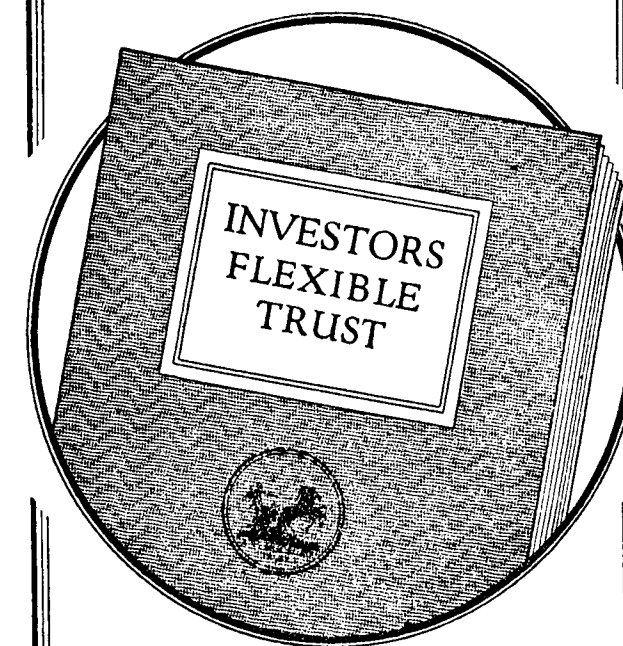
Balance Sheet dated 1935	Company	Liquid Assets	Current Liabilities	Surplus Liquid Assets
Dec. 31	Anglo-Iranian	14,213,706	10,500,569	3,713,137
Dec. 31	Burmah	7,292,215	2,319,260	4,972,955
Dec. 31	Canadian Eagle	3,146,914	1,321,663	1,825,251
Dec. 31	Mexican Eagle	7,440,943	2,640,383	4,800,560
Dec. 31	Royal Dutch	19,115,276	8,174,154	10,941,122
Dec. 31	Shell	15,785,684	4,670,772	11,114,912
June 30	Trinidad Leaseholds	1,654,039	674,156	979,883
Total, 15 Companies		73,883,558	32,854,516	41,029,042

The leading concerns are clearly in the strongest position to finance the present rate of turnover, and their resources are essential—as the recent Mosul Oil deal suggests—for the development of new fields.

Palestine Utility Companies.—The report of Jerusalem Electric and the dividend announcement of Palestine Electric Corporation (published recently) have unfortunately been overshadowed by continued strife in Palestine. In each case it is clear that substantial progress has been made. Jerusalem Electric shows a surplus on operating and sundry receipts amounting to £P.60,148 for the year to March, compared with £P.44,174 for the previous year. During the three years from 1932, earnings surplus to the small ordinary dividends were applied to writing off issue expenses. The latest year, therefore, is the first in which normal capital maintenance charges have become effective. A capital amortisation fund has been opened with a sum of £P.5,477, in accordance with the terms of the concession, which has at least 36 years, and, if extended, 52 years to run. The total amount expended on the undertaking now amounts to £P.470,375. In addition, some £P.15,400 is provided for plant renewals, and after payment of income tax (£P.9,875) and of the preference dividend (£P.12,206), earnings for the ordinary capital amount to £P.11,968, equivalent to 7.9 per cent. There is, accordingly, reasonable cover for the 5 per cent. ordinary dividend, although the maintenance of the general reserve transfer of £P.5,000 involves a slight draft on the balance carried forward. The corporation's recent expansion—capital additions accounted for £P.43,985 last year—has depleted its liquid resources somewhat severely, and shareholders will doubtless endorse a conservative dividend policy while extension is so rapid. The final dividend of Palestine Electric is satisfactory but not surprising. In January last, when new ordinary capital was raised, the board indicated that gross revenue for 1935 was very substantially greater than for the previous year, but declared that it would not propose a greater dividend on the ordinary and "A" ordinary shares. The maintenance of the 7½ per cent. dividend rate, therefore, must be accounted satisfactory in view of the prevailing disturbances. The corporation's high-tension mains extend over 800 kilometres and low-tension lines over 600 kilometres. While the risk of physical damage to the corporation's mains is not negligible, the present disturbances will also severely check Palestine's rapid economic development. The Palestine Electric Corporation, with its wide area of supply, would inevitably be exposed to such a setback, and it argues some confidence on the part of the board that the rate of dividend has been maintained. In common with shares of other Palestine undertakings, the two utility equities have recently been a heavy market, and may be somewhat slow to recover while serious disorder endures.

Far Western Rand Developments.—The achievement this week of a new "high" of £13½ for the 10s. shares of Witwatersrand Areas (writes our Mining Correspondent) has been the feature of the mining market. Earlier this year the shares stood at 8rs. 10½d. Behind this rise lies a story which is spectacular, even for the mining world. After unsuccessful results of earlier pioneers—who were

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handicapped both technically and financially—Consolidated Gold Fields acquired interests in extensive areas lying south-west of the Randfontein property. Drilling on the most easterly of these areas was satisfactory enough to warrant the flotation of the Venterspost subsidiary, in which Gold Fields received, in effect, 800,000 10s. shares, with rights to subscribe for working capital. Work on the adjoining Libanon property was followed recently by the formation of Libanon Gold Mines. The company's capital consists of 5,000,000 10s. shares, of which Gold Fields is to receive 1,000,000 shares and 2,400,000 shares are to be offered to shareholders in "West Wits" at par. Dealings in these shares are already taking place on the Johannesburg Stock Exchange at large premiums between 25s. and 30s., but transactions in London are not yet practicable. The latest spurt in "West Wits" has been prompted by the results of two boreholes in the central section of the property and the favourable indications of recent drilling. The conclusion of the company's experts is that a series of reefs exists within the main reef group. Two reefs occur on a horizon within 10 feet below a distinctive bed of green argillaceous quartzite called the "Green Bar," which has been used as a marker throughout the eastern section of the property, where it occurs from 150 to 200 feet below the main reef. According to the circular, the lower ore body—known as the "carbon leader"—promises to be economically the most important horizon in the area explored westward from borehole No. E 4. The distance from this borehole to the south-western boundary of the company's property is about 25 miles. Immediately adjoining the south-west boundary, New Central Witwatersrand Areas are drilling on the farm Gehardminnebron. The depth attained is 3,000 feet, and the reef is expected to be struck at 5,000 feet. Further south-west are properties controlled by this company and by Western Reefs. During the present year the latter company has made two issues for acquiring farms, while about two months ago the New Central Witwatersrand also raised additional capital. The most important drilling result last reported by Western Reefs was a reef at approximately 4,000 feet depth assaying 5.96 dwts over 67 inches, equal to 399 inch dwts. The activity in this section of the Transvaal, although still in the development stage, promises to open up an important extension to—and possibly a formidable rival of—the Rand.

* * *

Company Results of the Week.—We have received reports from eleven companies during the week, which are analysed on page 372. Of these, two come from brewery concerns which are controlled by Ind Coope and Allsopp—*Alton and Company* and *Strettons Derby Brewers*. The latest results are not comparable directly with those of the previous period, owing to the revised treatment of taxation. After making adjustments for this change, however, it appears that both concerns have achieved a significant increase in profits, which may provide a pointer to the parent company's profits for the year to September. *Illovo Sugar* has experienced difficult trading conditions during the past year. Profits have been reduced from £62,381 to £17,999, and the 6 per cent. dividend is not fully covered by earnings. Although reporting favourably on conditions during the past year, *William Baird*, the Scottish iron and coal masters, show a relatively moderate rise in profits from £257,287 to £268,830, but the dividend is raised from 6 to 10 per cent. *Brightside Foundry* shows an increase in net profits from £21,073 to £37,704 and pays 15 against 10 per cent. A favourable result is also revealed by *Lochgelly Iron and Coal*, whose profits are over £11,000 higher at £55,593, while the dividend is raised from 4 to 7½ per cent. A substantial recovery is reported by *Fodens*, whose results in the previous year were disappointing. The large loss of £40,978 has been converted into a small profit of £206, and while there is a debit balance of £58,032 still remaining: profit and loss, it is evident that the change-over to Diesel engine work is now producing positive results. The *Tyne-Tees Shipping* profits show an improvement of about £4,000 at £41,484, and the dividend is maintained at 5 per cent. *Ismay Industries*, the holding company formed to acquire interests in John Ismay, manufacturers of electric lamps

and domestic appliances, shows a profit of £43,945, for its first trading period of nearly 15 months. This result, however, reflects the dividends received from subsidiary companies for approximately one year. A maiden dividend of 6 per cent. is paid.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

TICKET
AUGUST 25

ACCOUNT
AUGUST 27

THOROUGHLY quiet conditions have prevailed during the second week of the account, owing to the belated appearance of summer, the rival attractions of holidays, and the disturbed condition of Europe. There have been no price movements of outstanding significance, and the volume of business has contracted considerably from last week's levels. Gilt-edged securities were very firm on the overseas trading and revenue returns, but prices were unchanged with a small turnover. Among Dominion issues, Australian stocks were higher on the budget surplus, and the Sydney scrip improved to a premium of two points. Home corporations were fairly strong and many prices showed slight gains. Among foreign bonds, German issues recovered from their early weakness at the opening of the week, in the hope of a peaceful settlement of the Spanish revolt. French issues were weak on the internal position. Japanese bonds were adversely affected by the rising military expenditure in Japan and the expansion of the navy. Interest in Chinese issues was concentrated on Lung Hais, in hopes of a resumption of interest payments.

Home rails opened the week firmly, relapsed, recovered later in anticipation of good traffic, but in spite of the excellent return were unable to hold their gains, and reacted toward the end of the account. Early in the week there was a sharp improvement in Antofagasta stock in an otherwise quiet foreign rail market, and Argentine issues hardened slightly later under the influence of higher maize prices and better traffic.

The industrial share market has been subject to reduced interest, and prices have moved irregularly as commitments have been evened-up. In the iron and steel section prices were slightly lower in mid-week but Hurst Nelson recovered after being marked down on the dividend. Aviation shares have not attracted a great deal of attention, although Handley Page were favoured, but there have been fairly active dealings in the Motor section, with Standard prominent on the record production and on anticipated profits from manufacture of aircraft for the Government. Hilton Main were a feature in the Coal group on the final dividend announcement. An irregular tendency developed in the Electrical Equipment group. Textile shares were depressed by the poor results for the past year reported by Calico Printers, and rayon issues reacted toward the end of the account after an earlier improvement. In the shipping group P. and O. deferred gained on good trading reports, but suffered from profit-taking later. Irregular movements of little significance were the rule among miscellaneous industrials, although Triplex Glass were well supported in anticipation of the report. Building material shares did not reflect the maintained excellence of the building figures.

In the Oil share market trading was not very active, and in the general firmness of the leaders the only feature was an improvement in Shell issues on investment buying. The rubber share market continues its uneventful course, and conditions in the tea share market are not much better, although there were signs of a very slight improvement early in the week which was used as occasion for marking up prices.

The Kaffir market has been rather subdued most of the week, although a few issues have been well supported, chiefly from the Cape. West Witwatersrand touched a new high of 13½, but reacted later. New Central Wits and Western Reef issues were also prominent, and West Springs advanced sharply. The West African section lost the interest which had been shown last week, and relapsed into stagnation. Copper issues were generally weaker, but in the tin section prices in mid-week were a little firmer on the rise in the commodity price and the hopes of a renewal of the restriction scheme.

The Paris Bourse continues to be dominated by the international political position, and internal economic difficulties, but in mid-week there were signs of a slight increase in buying in many sections, Rentes excepted. On the Berlin Bourse prices have been weak in all but the Banking section. At Amsterdam business had shrunk to negligible proportions.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Aug. 14	Aug. 13	Aug. 14	Aug. 17	Aug. 18	Aug. 19	Aug. 20
Govt. and Municipal	5,088	939	909	1,171	975	897	885
Transport, etc.	5,064	938	855	1,121	889	949	797
Comm. and Ind.*	23,882	4,807	4,710	4,974	4,299	4,521	4,634
Banks and Ins.	2,701	507	561	566	448	536	430
Mines	5,033	1,000	1,082	1,146	893	917	1,101
Oils	1,120	263	227	191	157	190	138
Rubber and Tea	1,310	238	232	226	201	241	273
Total	44,198	8,692	8,576	9,395	7,862	8,251	8,258
Corres. day 1935	...	7,467	8,413	9,546	8,385	8,052	8,129

* Including Steels and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY SHARES. (July 1, 1935 = 100)

	Highest†	Lowest†	Aug. 13	Aug. 14	Aug. 17	Aug. 18	Aug. 19	Aug. 20
116.7	107.4	116.6	116.6	116.7	116.5	116.3	116.7	

† Aug. 17. † January 2.

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

	Highest†	Lowest†	Aug. 13	Aug. 14	Aug. 17	Aug. 18	Aug. 19	Aug. 20
138.4	136.2	137.7	137.7	137.7	137.8	137.8	137.8	137.8

† February 10. † June 26.

AMERICAN STOCK EXCHANGES

NEW YORK

From the post-depression peak reached on Tuesday of last week most prices on Wall Street drifted slowly downwards up to the middle of the current week, when there were signs of improvement. This drop in prices was accompanied by a shrinking turnover. The outstanding feature at the end of last week was the rise in copper share prices on the higher commodity price. This week the first section of the market to improve was the steel shares group which was encouraged by the rising steel-mill activity. *Iron Age* estimated activity at 72.5 per cent. of capacity against 71 per cent. for last week, in spite of the declining demand from the automobile industry, where plants are shutting down for change over to new models. Railroad shares improved, and aviation issues continued to reflect the rising military and commercial demand for planes. Utility issues were firm. There are signs of increased support for the markets from Europe, but American operators are inclined to hold their ground, on the argument that most recovery in sight for the next few months is already discounted at present prices. Company earning and dividend statements continue to be good, electricity output for the week ending August 15th was 14.3 per cent. up on the corresponding week of last year, building contracts placed in July were appreciably higher than in June, and freight car loadings are running some 24 per cent. higher than a year ago.

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	(Close)	(Close)	(Latest)	(Close)	(Close)	(Latest)
1. Rails & Transport						
Atchafalaya	86½	82½	79½	56½	55	54½
Balt. and Ohio	22½	22½	22½	113½	113½	113½
B.M.T.	52	52½	52½	38½	38	37½
Can. Pacific	12½	12½	12½	67½	68	65½
Ches. and Ohio	67½	66½	66½	16½	16½	16½
Gen. Rly. Pk.	42½	40½	40½	18½	19	19½
Illinois Central	26	26	25½	15½	15½	15½
N.Y. Central	43	41½	41	10½	10½	10½
Nor. Pac.	27½	26½	26	28½	28½	28½
Pennsylvania R.R.	38	37½	37½	29½	29½	29½
Southern Pac.	43	42½	41½	74½	74½	74½
Southern Rly.	43	42½	41½	25½	25½	25½
Union Pacific	149½	138½	138½	78	75½	—
Greyhound Corp.	60½	59½	59½	243	230½	233
2. Utilities and Communications						
Am. Waterworks	26	25½	25½	133½	126	126½
C. & S. S. S. S.	3½	3½	3½	164	164	164
(Cons. Gas of N.Y.)				163½	159½	159½
now Cons. Edison	43	43	42½	99	96½	96½
Col. Gas & Electric	22½	21½	20½	U.S. Ind. Alcohol	36	35½
Elec. Bond & Share	24	23½	22½	Allis Chalmers	58½	55
Nat. Pwr. and Lt.	12½	11½	12	General Electric	47½	46½
North American	39½	40	38½	Westinghouse	144	139½
Pac. Gas & Electric	56½	56½	56½	American Can.	122½	121½
Pub. Service N.J.	47½	46½	46½	Addressograph	26½	25½
Stan. Gas & Elec.	7½	7½	7½	Caterpillar	76½	76½
United Corp.	8½	7½	7½	Cont. Can.	70½	68½
United Gas Imp.	17	16½	16½	Ingersoll Rand	137	134½
Am. Tel. & Tel.	176½	173½	173½	Int'l. Harvester	83	78
Int. Tel. and Tel.	19½	18½	18½	Johns Manville	119½	117½
Radio	11	10½	10½	Am. Radiator	23½	22½
Radio B. Pref. New	75	74	74	Corn Products	66½	64½
3. Extractive and Metal Industries				J. I. Case and Co.	169½	158½
Am. Rolling Mills	28½	27½	27½	Glidden	42½	42½
Beth. Steel	61½	62½	61½	Gen. Am. Transp.	57½	57½
Beth. Steel Pref.	122½	121	121	Allied Mills	24½	24½
Republic Steel	22½	22½	22	Celanese of America	26½	27½
U.S. Steel	68½	68½	67	Ind. Rayon New	30½	32½
U.S. Steel Pref.	135½	133½	133½	Colgate Palmolive	14	13½
Alaska Juneau	14	14	14	Eastman Kodak	183½	177½
American Metal	33½	32½	32	Gillette	14	14
American Smelting	87½	85½	84	Kelvinator	21½	20½
Anaconda	40½	39½	38½	Lambert Co.	17½	17½
Bohn Aluminum	44	41	41	Loew's	57½	55½
Cerro de Pasco	53½	53	52	20th Century Fox	27½	26½
Int. Nickel	54	53	52	5. Retail Trade and Food		
Kennecott	47½	47½	45½	Montgomery Ward	46	44½
Pattison Mines	11½	11½	11½	J. C. Penney Co.	91	89½
Texas Gulf Sulph.	36½	37	36½	Sears Roebuck	85	83½
U.S. Smelt.	76½	78½	77	United Drug	14	14
Vanadium Corp.	21½	24	23½	Walgreen	33½	33½
Atlantic Refining	28½	28½	28½	Woolworth	54½	53½
Phillips Petroleum	43	42	42	Borden	32	30½
Shell Union	19	18½	18½	Gen. Foods	38	38
Shell Union Pref.	123½	122	122	Kroger Grocery	20½	20½
Socony Vacuum	14½	14	13½	Nat. Biscuit	33	32½
Stand. Oil Calif.	37	37	36½	Nat. Dairy	27	27
Stand. Oil N.J.	62½	64	63½	Standard Brands	15½	15½
Texas Corp.	39	39	39	Am. Tobacco B.	102½	101
4. Manufacturing				Liggett Myers B.	108½	106½
Briggs	56½	55	54½	Lorillard	23	22½
Chrysler	119½	113½	113½	Reynolds Tol. B.	55½	55½
Electric Autolite	38½	38	37½	National Distillers	29½	29
General Motors	67½	68	65½	Schenley Distillers	42½	42½
Hudson Motor Car	16½	16½	16½	6. Finance		
Murray Corp.	18½	19	19½	Commercial Credit	72½	73½
Nash Motors	15½	15½	15½	Atlas Corp.	15	14½
Packard Motor Car	10½	10½	10½	Com. Invest. Trust	77½	80½
Bendix Aviation	28½	28½	28½			
Boeing Airplane	29½	29½	29½			
Douglas Aircraft	74½	74½	74½			
United Aircraft	25½	25½	25½			
Air Reduction	78	75½	—			
Allied Chemical	243	230½	233			
Col. Carbon	133½	126	126½			
Comm. Solvents	164	164	164			
Dupont	163½	159½	159½			
Union Carbide	99	96½	96½			
U.S. Ind. Alcohol	36	35½	35½			
Allis Chalmers	58½	55	54½			
General Electric	47½	46½	46½			
Westinghouse	144	139½	138			
American Can.	122½	121½	120½			
Addressograph	26½	25½	25½			
Caterpillar	76½	76½	76½			
Cont. Can.	70½	68½	68½			
Ingersoll Rand	137	134½	135½			
Int'l. Harvester	83	78	78			
Johns Manville	119½	117½	118			
Am. Radiator	23½	22½	22½			
Corn Products	66½	64½	65			
J. I. Case and Co.	169½	158½	158			
Glidden	42½	42½	42½			
Gen. Am. Transp.	57½	57½	57½			
Allied Mills	24½	24½	24			
Celanese of America	26½	27½	26½			
Ind. Rayon New	30½	32½	32½			
Colgate Palmolive	14	13½	13½			
Eastman Kodak	183½	177½	179			
Gillette	14	14	14			
Kelvinator	21½	20½	20½			
Lambert Co.	17½	17½	17½			
Loew's	57½	55½	55½			
20th Century Fox	27½	26½	26½			

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

	1935		1936		Be- ginning of Year 1936	Aug. 5, 1936	Aug. 12, 1936	Aug. 19, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Aug. 12				
347 Industrials ...	74.5 (d)	112.3	112.7	130.3	112.3	127.9	130.3	128.7
32 Rails ...	27.4	49.0 (m)	42.8	55.4	41.5	53.4	55.4	54.3
40 Utilities ...	52.2	93.6	91.2	110.2	93.6	109.4	110.2	108.6
Total, 419 Stocks	63.1	97.7	97.7	114.7	97.7	112.6	114.7	113.2
Average yield*....	3.02%	4.06%	3.60%	2.95%	3.22%	3.30%	3.22%	3.47%
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935				Prices, Year 1936 Jan. 1 to Aug. 19, inclusive				Name of Security	Price, Aug. 12, 1936	Price, Aug. 19, 1936	Rise or Fall	Yield Aug. 19, 1936	Prices, Year 1936 Jan. 1 to Aug. 19, inclusive				Last Half-yearly Dividends			Name of Security	Price, Aug. 12, 1936	Price, Aug. 19, 1936	Rise or Fall	Yield Aug. 19, 1936
High-est	Low-est	High-est	Low-est	High-est	Low-est	(a)	(b)						(c)											
94 1/2	80 1/2	87 1/2	83 1/2	British Funds				85	85		£ s. d.	45/8	35/-	5(a)	5(b)	Bank of N. Zealand £1				35/-	35/-		£ s. d.	
118 1/2	109 1/2	116 1/2	113 1/2	Consols 2 1/2% Red. 1944-49 on or after Feb. 1954-59				114 1/2	114 1/2		2 19 0	37 1/2	31/6	6(a)	6(b)	Bank of Scotland £1				37 1/2	37 1/2		£ s. d.	
103 1/2	97 1/2	102 1/2	101	Do. 3 1/2% 1948-53				103 1/2	103 1/2		3 1 0	80/3	74/9	7(a)	7(b)	Barclay B. (£1)				79/9	79/-	-6d	£ s. d.	
107 1/2	100 1/2	105 1/2	103 1/2	Do. 3 1/2% 1944-49				108 1/2	108 1/2		2 8 0	48/9	43/3	8(a)	8(b)	Barcl. (Dom. & C.) £1				46/6	46/6		£ s. d.	
112 1/2	108 1/2	114 1/2	110 1/2	Do. 3 1/2% after 1961 (s)				108 1/2	108 1/2		2 14 6	107	8 1/2	34(a)	34(b)	Bk. of Australasia (£100)				91	91		£ s. d.	
114 1/2	108 1/2	111 1/2	108 1/2	Do. 4 1/2% 1940-44				109 1/2	109 1/2		3 1 9	43 1/2	37 1/2	8(c)	8(d)	Bk. of Montreal (£500)				£39x	£39x		£ s. d.	
124 1/2	115 1/2	121 1/2	117 1/2	Do. 5% 1944-48				118 1/2	118 1/2		2 2 6	27 1/2	24 1/2	5(c)(e)	5(c)(e)	Bk. of N.S. Wales (£20)				26x	26x		£ s. d.	
106	98	104	102	Funding 2 1/2% 1954-61				93 1/2	93 1/2		2 10 0	95 1/2	76/3	6(c)	6(c)	British Overseas £5				80/-	80/-		£ s. d.	
121 1/2	118 1/2	124 1/2	121 1/2	Funding 2 1/2% 1958-69				103 1/2	103 1/2		2 18 0	16 1/2	12 1/2	7(a)	7(b)	City of London £1				14 1/2	14 1/2		£ s. d.	
119 1/2	110 1/2	117 1/2	113 1/2	Funding 4 1/2% 1960-90				117 1/2	117 1/2		2 13 0	91/6	13/7 1/2	24(a)	24(b)	Comd. Bk. of Aus. 10/-				13/9x	14/-	+3d	£ s. d.	
110 1/2	101 1/2	108 1/2	104 1/2	War Loan Bonds 4 1/2%				116 1/2	116 1/2		3 10 3	56 1/2	52/-	5(a)	5(a)	District A. £5 of Aus. 10/-				13/9x	14/-		£ s. d.	
98 1/2	89 1/2	97 1/2	94 1/2	Vict.Ln. 3 1/2% after 1952(p)				106 1/2	106 1/2		2 19 9	98/-	82/6	124(b)	124(a)	Do. B. £1 fully pd.				56/3	55/-	+110/3	£ s. d.	
104 1/2	100 1/2	103 1/2	101 1/2	Local Loans 3 1/2%				96 1/2	96 1/2		3 2 6	11 1/2	10 1/2	64(a)	64(b)	Eng.Scot.&Aust. £5 (3pd)				85/-	85/-		£ s. d.	
95 1/2	86 1/2	93 1/2	90 1/2	Austria 3 1/2% 1933-33				102 1/2	102 1/2		2 16 9	£110 1/2	£95 1/2	3(b)	3(b)	Hambros £10, (24 pd.)				11 1/2	11 1/2		£ s. d.	
95 1/2	86 1/2	93 1/2	90 1/2	India 2 1/2% 1933-33				73 1/2	73 1/2		3 8 6	64	61 1/2	6(b)	6(b)	Hong. & S. (£245)				£102 1/2	£101 1/2	-1/-	£ s. d.	
100 1/2	90 1/2	100 1/2	96 1/2	Do. 3 1/2% 1933-33				87 1/2	87 1/2		3 9 0	98 1/2	91 1/2	8(b)(v)	8(b)(v)	Lloyds £5, with 1 pd.				63	63		£ s. d.	
119 1/2	112 1/2	120 1/2	116 1/2	Do. 4 1/2% 1958-68				118 1/2	118 1/2		3 10 6	44 1/2	39 1/2	4(a)	4(a)	Maritime £1, fully pd.				98	98		£ s. d.	
108 1/2	105 1/2	107 1/2	105 1/2	U.K. & Arg. £4 (A 1947)				105 1/2	105 1/2		3 11 0	46 1/2	42 1/2	9(a)		Nat. of Egypt £10				43 1/2	43 1/2	-2	£ s. d.	
114 1/2	106 1/2	112 1/2	109 1/2	Dom. & Colonial Govts.								18 1/2	15 1/2	74(b)	74(a)	Nat. of India (£25, £12 pd)				46	46		£ s. d.	
108 1/2	105 1/2	110 1/2	107 1/2	Australia 5% 1945-75.				110	110		3 14 9	50	46 1/2	84(b)	84(a)	Nat. Prov. £20, £4 pd.				15 1/2	15 1/2		£ s. d.	
112 1/2	108 1/2	116 1/2	112 1/2	Canada 4 1/2% 1940-80				114	114		2 15 9	16 1/2	15	5(a)	5(a)	Royal Bk. of Scotland				495	495		£ s. d.	
118 1/2	112 1/2	120 1/2	117 1/2	Gold Coast 4 1/2% 1956				110	110		3 9 6	98/10	90/9	9(b)	9(b)	St. of S. Afr. £20, £5 pd.				15 1/2	15 1/2		£ s. d.	
115 1/2	107 1/2	114 1/2	108 1/2	Nigeria 4 1/2% 1950-80				118	118		3 7 6					West. of S. Afr. £1, £5 pd.				95/-	95/-		£ s. d.	
110 1/2	103 1/2	109 1/2	107 1/2	N. Zealand 5% 1946				111 1/2	111 1/2		3 6 0	95/-	88/-	10(b)	9(a)	Union £1 of stock				53/6	54/6	+1/-	£ s. d.	
118 1/2	113 1/2	117 1/2	114 1/2	Queensland 5% 1940-80				108 1/2	108 1/2		3 6 0	6 1/2	5(b)	5(b)	Alliance £1, fully pd.				32 1/2	32 1/2		£ s. d.		
				S. Africa 5% 1945-75.				115 1/2	115 1/2		3 2 6	16 1/2	13 1/2	17(b)	9(a)	Atlas £1, £1 1/2 pd.				15 1/2	15 1/2		£ s. d.	
				Foreign Governments								55/9	52/9	124(b)	74(a)	Com. Un. £1, fully pd.				11 1/2	11 1/2		£ s. d.	
101 1/2	98 1/2	103 1/2	99 1/2	Argentina 4% Resc. 1952				101	101		3 19 0	32 1/2	30	40(a)	50(b)	Gen. Accident £5, £1 pd.				26 1/2	26 1/2		£ s. d.	
101 1/2	98 1/2	103 1/2	99 1/2	Austria 3 1/2% 1957				94 1/2	94 1/2		7 12 6	12 1/2	10 1/2	20(a)	20(b)	Lon. & Lanc. £5, £2 pd.				37	36 1/2		£ s. d.	
101 1/2	98 1/2	103 1/2	99 1/2	Do. 4 1/2% 1957-58				98 1/2	98 1/2		5 10 0	12	10	38(a)	38(b)	N. Brit. & Merc. £1 1/2, fy. pd.				14 1/2	14 1/2		£ s. d.	
68 1/2	51 1/2	67 1/2	57 1/2	B. Aires (Prov.) 3 1/2%				67	67		6 8 6	28	28	28	28	Northern £10, £1 pd.				22	22		£ s. d.	
112 1/2	106 1/2	111 1/2	107 1/2	Belgian 7 1/2% red by 1856				108 1/2	108 1/2		6 8 6	38 1/2	34 1/2	25(a)	25(b)	Pearl (£1), fully pd.				15 1/2	15 1/2		£ s. d.	
20 1/2	14 1/2	20 1/2	14 1/2	Bulgaria 7 1/2% Loan.				16 1/2	16 1/2		15 10 0m	14 1/2	12 1/2	31/2	31/2	Prud. £1, with 4s. paid				112/6	112/6		£ s. d.	
84 1/2	48 1/2	77 1/2	65 1/2	Brazil 5% Fund. 1914				70	70		7 3 0	22 1/2	21 1/2	35(a)	35(b)	Royal Exchange (£1)				11 1/2	11 1/2		£ s. d.	
23 1/2	18 1/2	20 1/2	18 1/2	Chili 6% (1929)				17 1/2	17 1/2		6 7 0 of	28	28	28	28	Royal £1, 10/- pd.				9 1/2	9 1/2		£ s. d.	
90 1/2	71 1/2	83 1/2	66 1/2	China 5% (1912)				73 1/2	73 1/2		8 6 0 of	18 1/2	15 1/2	37(c)	37(c)	Sea Insur., £1, fully pd.				54	54		£ s. d.	
100 1/2	84 1/2	95 1/2	80 1/2	Do. 4 1/2% (1913)				90 1/2	90 1/2		8 6 0 of	18 1/2	15 1/2	37(c)	37(c)	Sun Life Assur., £1, fy. pd.				84	84		£ s. d.	
113 1/2	99 1/2	112 1/2	95 1/2	Czechoslovakia 3 1/2%				110	110		8 6 0 of	121/3	108 1/2	137(c)	137(c)	Yorkshire £1, fully pd.				20	20		£ s. d.	
103 1/2	99 1/2	110 1/2	98 1/2	Danish 3 1/2%				110	110		11 7 0 of	11 1/2	10 1/2	11 1/2	10 1/2	Anglo-American. Deb.				270	270		£ s. d.	
98 1/2	98 1/2	100 1/2	70 1/2	Egypt Unified 4%				105 1/2	104		3 17 6	10 1/2	9 1/2	31/3	31/3	Anglo-Celtic Ord.				67 1/2	67 1/2		£ s. d.	
80 1/2	48 1/2	70 1/2	25 1/2	French 4% (British).				21	21		5 4 6	4 1/2	4 1/2	83(b)	83(b)	Atlas Electric, etc. £1				6/-	6/-	+6d	£ s. d.	
98 1/2	98 1/2	100 1/2	70 1/2	German 7%, Dawes Ln.				59	59		12 5 0	4 1/2	4 1/2	183(a)	183(a)	Brit. Assets Trust 5/-				16/3	16/6	-9d	£ s. d.	
78 1/2	56 1/2	61 1/2	41 1/2	Do. 4 1/2% (Young Ln.)				39	39		14 5 0	8 1/2	7 1/2	217	217	Debenture Corp. Stk.				246 1/2	246 1/2		£ s. d.	
58 1/2	38 1/2	40 1/2	29 1/2	Greek 6% Stab. Ln.				32 1/2	39 1/2			157 1/2	144 1/2	34(b)	34(b)	For. Amer. etc., Def.				78 1/2	78 1/2		£ s. d.	
37 1/2	26 1/2	40 1/2	36 1/2	Do. 7% Refugee.				39 1/2	40 1/2			288	258	7(a)	7(a)	Guardian Investment.				144 1/2	144 1/2		£ s. d.	
51 1/2	38 1/2	48 1/2	39 1/2	Hungary 7 1/2%				42 1/2	42 1/2		8 16 6 1/2	280	255	61(b)	34(a)	Indus. and Gen. Ord.				288	288		£ s. d.	
91 1/2	78 1/2	90 1/2	79 1/2	Japanese 5% 1936-65				84	84		6 11 0 of	80 1/2	59	2(c)	2(c)	Invest. Trust Def.				305	305		£ s. d.	
97 1/2	85 1/2	97 1/2	83 1/2	Do. 6% (1924) red 1959				89	88		7 2 6	78 1/2	59	1(c)	1(c)	Lake View Invest. 10/-				275	275		£ s. d.	
144 1/2	113 1/2	143 1/2	123 1/2	Norwegian 4% 1911				140	140		2 17 6	17 1/2	13/9	3(c)	3(c)	Mercantile Investment				171 1/2	171 1/2		£ s. d.	
50 1/2	42 1/2	49 1/2	41 1/2	Do. 7 1/2% 1922				42 1/2	42 1/2			253	242	6(b)	4(a)	Metropolitan Trust				264	264		£ s. d.	
100 1/2	87 1/2	93 1/2	80 1/2	Poland 7%				93 1/2	93 1/2		8 19 0	253	242	6(b)	4(a)	Scottish Investment (5/-)				8/-	8/-		£ s. d.	
16 1/2	7 1/2	13 1/2	8 1/2	Roumania 4% Con. 1922				103	103			157 1/2	144 1/2	34(b)	34(b)	Scottish Mortgage, etc.				222 1/2	222 1/2		£ s. d.	
144 1/2	108 1/2	155 1/2	123 1/2	Swedish 3 1/2% 1908				140	140		2 9 6	288	258	7(a)	7(a)	Trustees Corp. Ord.				223	223		£ s. d.	
113 1/2	106 1/2	115 1/2	112 1/2	U.K. & Argentine 1933				115 1/2	115 1/2			220	220	5(b)	3(a)	United States Debenture				220 1/2	220 1/2		£ s. d.	
84	75	82 1/2	79	Do. B. Certs. (1951)				82 1/2	82 1/2		3 4 6	353	300	5(a)	7(a)	Financial Trust, &c.				17/-	17/-		£ s. d.	
				Do. C. Certs. (3% Max.)				82 1/2	82 1/2			18/-	15/3	2(a)	5(b)	Argentine Land, etc.				27	27		£ s. d.	
				Depository Bonds								312	270	7(b)	3(a)	Australian Estates, etc.				27	27		£ s. d.	
37 1/2	24 1/2	27 1/2	22 1/2	Berlin 6 1/2% 1904-56				22 1/2	22 1/2		3 11 9	312	270	7(b)	3(a)	Brit. Nth. Borneo £1				4/-	4/-		£ s. d.	
120 1/2	114 1/2	119 1/2	116 1/2	B'ghamgh 5% 1946-66				117 1/2	118 1/2			312	270	7(b)	3(a)	Brit. S. Africa 15/- fy. pd.				28/6	28/6	+9d	£ s. d.	
122 1/2	115 1/2	120 1/2	118 1/2	Bristol 5% 1948-58				119 1/2	117 1/2		3 5 3	312	270	7(b)	3(a)	Carnegie Corp. Pref. Stk.				10/6	10/6		£ s. d.	
95 1/2	60 1/2	84 1/2	65 1/2	Danzig 7% 1935-45				66 1/2	66 1/2		10 18 9	312	270	7(b)	3(a)	City of London Rv. £1				8/9	8/9		£ s. d.	
108 1/2	119 1/2	121 1/2	117 1/2	Do. London 5% 1960-70				120 1/2	120 1/2		3 14 3	251	221	24(a)	61(b)	Daily Mail & General £1				52/-	52/-	+3d	£ s. d.	
108 1/2	119 1/2	121 1/2	117 1/2	Johannbg. 5 1/2% 1937-52				103 1/2	103 1/2		3 7 0	244	220	5(b)	3(a)	Daily Mail £20 £5 pd.				7	7		£ s. d.	
98 1/2	90 1/2	94 1/2	83 1/2	Do. C.C.C. 9 1/2%				95 1/2	95 1/2		3 3 0	244	220	5(b)	3(a)	Forestal Land £1				22/3	23/-	+9d	£ s. d.	
104 1/2	101 1/2	106 1/2	88 1/2	Seine (Dpt. of) 4 1/2% 1952				90 1/2	88 1/2		5 13 6	18/9	15/6	2(c)	2(c)	Hudson's Bay Co. £1				23/3	23/3		£ s. d.	
				Public Bonds								6/-	3/7 1/2	Nil	Nil	Java Invest., etc.								

(c) Interim dividend. (f) Flat yield. (h) Yield on 34% basis. (d) Paid in New Zealand currency. (e) Allowing for rate of exchange.

(g) Yield worked on redemption at par on December 1, 1952. (i) Based on payment of 24%. (j) Yield worked on redemption at par on February 1, 1957.

(k) Yield worked on redemption at par on April 1, 1961. (l) Based on payment of 24%. (m) Based on payment of 24%.

(n) Australian currency. (o) Also Centenary Bonus of 2%. Yield worked on 18% basis. (p) Also Centenary Bonus of 2%. Yield worked on 18% basis. (q) Free of Income Tax.

[illegible]

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Based on a dividend of 224 per cent. (e) Also special non-recurring dividend. (f) Includes 1½% from capital accretions. (g) Including a bonus of 10% of tax. (h) Current annual dividend rate \$1.40 per share. (i) Rate of Income Tax.

(Continued from page 363)

TOTAL DEALINGS IN NEW YORK

	Aug. 13	Aug. 14	Aug. 15*	Aug. 17	Aug. 18	Aug. 19
Stock Exchange—						
Shares (No. Thous.)	1,400	1,070	370	830	790	1,010
Bonds (Thous. \$)...	11,890	9,120	3,610	6,100	7,780	8,060
Cur—						
Shares (Thous.)	330	244	85	171	169	201

* Two-Hour Session.

CAPITAL ISSUES

ALTHOUGH the issue of shares in *John Groves and Sons* last Friday had a prompt response, no further industrial offers have appeared this week. Trustee borrowing, however, has been resumed by an issue of 3 per cent. *Kenya* stock, dated 1956-61, at par. Of the total issue of £375,000, some £200,000 is reserved for issue in Kenya, while £75,000 has already been placed in London. The balance remaining for public subscription, therefore, was hardly sufficient to test the real position of the market, in relation to the prospective re-appearance of municipal borrowers, although the immediate success of the loan, and the recent improvement in corporation scrips, suggest that conditions will favour forthcoming operations. The present stock is well secured, although it will not enjoy a wide market. Statements "for information only" have been published by *Chambers Wharf and Cold Stores* and *McCarthy Rodway, Ltd.*

ISSUES OF THE WEEK

January 1 to August 15, 1936, including conversions, Old Basis, £299,056,992.
 January 1 to August 15, 1936, excluding conversions, Old Basis, £121,672,905.
 January 1 to August 15, 1936, including conversions, New Basis, £317,345,862.
 January 1 to August 15, 1936, excluding conversions, New Basis, £223,152,885.

National Savings Certificates, Net receipts week ended August 15, 1936, Dr. £100,000.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	375,000	£	375,000
To Shareholders only	538,044	...	1,932,337
By Stock Exchange Introduction	767,518	...	895,865
By Permission to Deal	1,635,725	...	3,051,777

	Total Capital raised— Including Conversions	Excluding Conversions	Total offered for Subscription— Including Conversions	Excluding Conversions
January 1 to date—	£	£	£	£
1936 (New Basis) ...	323,570,841	229,307,864	Whole year	(Old Basis)
1936 (Old Basis) ...	301,264,329	123,880,242	1935 ...	548,351,393
1935 (New Basis)* ...	333,678,671	212,584,509	1934 ...	410,980,300
1935 (Old Basis) ...	249,329,748	124,946,675	1933 ...	467,921,500
January 1 to date (Old Basis) ...	290,259,794	115,737,056	1932 ...	2,699,684,265
1934 ...	228,179,605	133,756,640	1928 ...	683,000,056
1928 ...	280,698,712	190,577,481		369,058,073

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—	£	£	£	£
1936 (New Basis) ...	78,729,762	28,926,504	121,651,598	229,307,864
1936 (Old Basis) ...	62,827,798	14,492,182	46,560,262	123,880,242
1935 (New Basis)* ...	93,488,980	39,912,479	79,163,050	212,564,509
1935 (Old Basis) ...	72,866,808	25,703,417	26,376,450	124,946,675
Whole-year—(Old Basis)—	212,917,900	45,082,600	111,177,600	369,158,100
1935 ...	222,064,300	12,733,700	9,982,500	244,780,500
1934 ...	102,769,300	21,461,000	44,878,400	169,108,700
1933 ...	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in thirty-four weeks ended August 24, 1935.

PUBLIC OFFER

Kenya Government.—Issue of £375,000 3 per cent. inscribed stock at par; redeemable at par 1961, or from 1956 on 3 months' notice. Proceeds for Land and Agricultural Bank and for reloan to Nairobi for water supply. Public debt, £17,205,600. £200,000 of issue reserved for Kenya applicants, and £75,000 placed in London.

BY STOCK EXCHANGE INTRODUCTION

Chambers Wharf and Cold Stores.—Issued capital, 451,861 6 per cent. 10s. cum. preference and 136,663 5s. ordinary shares. Wharf-fingers and cold store proprietors; incorporated 1927. Total assets, £308,677 (fixed assets, £267,611). Profits, after depreciation, years to May 31: 1934, £21,477; 1935, £24,795; 1936, £24,511. Cazenove Akroyds and Greenwood take 60,000 10s. preference shares at 11s. and 10,000 5s. ordinary shares, at £2.

McCarthy Rodway, Ltd.—Issued capital, 157,000 £1 ordinary shares. Incorporated in South Africa to deal in motor cars, etc. Profits: 1934, £54,700; 1935, £48,577; six months to June, 1936, £27,130. Turnover, 1935, £434,000. Net assets, £101,309. Dividends: 1934, 15 per cent.; 1935, 20 per cent.; interim, 1936, 12½ per cent.

ISSUES TO SHAREHOLDERS ONLY

Brightside Foundry and Engineering Company.—Offer of 5,000 £1 preference shares at par and 6,825 £1 ordinary shares at 15s. premium, rateably to each class.

New Broken Hill Consolidated.—Issue at par of 1,250,000 5s. shares, of which 898,831 offered to Zinc Corporation in proportion of one share for each preference or ordinary shares held. Barrier South members can apply for 5 shares for each preference and one share for two ordinary held.

OTHER RESULTS OF ISSUES

Parnall Aircraft.—Shareholders took up 98 per cent. of offer.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Aug. 12, 1936	Price, Aug. 19, 1936
Armstrong Stevens 5/-	10/6	5/6	1½d. dis-1½d. pm	par-3d. pm
British Sugar	...	...	21/-21/6	21/-21/6
Burton (M.) Shop 5% Pref.	21/-	...	21/-22/-	21/-22/-
Do. do. 4% Debs.	101	...	100½-101	100½-101
Danish Bacon 5% Pref.	...	...	20½-21/-	20½-21/-
Freedman (H.) 5/-	...	...	5/10½-6/4½	5/10½-6/4½
Flyde Water 3%	98½	5	1½-1 pm	1½-1 pm
Glass Houghton 15/-	...	...	16/-17/-	16/-17/-
Do. 6% Pref.	...	...	21/9-22/3	21/9-22/3
Goodyear Tyre 4½% Pref.	...	...	21/3-21/9	21/3-21/9
Groves (John) Ord.	20/-	10/-	10½d-1/1½ pm	10½d-1/1½ pm
Do. 4% Deb.	20/-	10/-	100½-101	100½-101
Holroyd (J.) 5/-	...	...	15/3-16/-	16/-16/6
Jax Stores 5/-	5/-	3/-	1/-3d. dis	1/-3d. dis
Kenya 3%	100	5	1½-1 pm	1½-1 pm
Lansdowne House 5½% Pref.	£1	25	par-6d. pm	4½-10d. pm
Do. do. 4½% Debs.	100	25	1½-1 pm	2/9-3/8 pm
New Broken Hill 5/-	5/-	20	1½-1 pm	1½-1 pm
Plymouth 3%	99	29	100-101	100-101
Porkellis Props. 4% Deb.	...	...	20/-21/-	20/3-21/3
Raglan Prop. 5½% Pref.	...	...	100-102	100-102
Do. 4½% Debs.	97	...	99½-100½	100-100½
Roberts (Chas.) 4% Debs.	...	...	7/6-8/-	7/6-8/-
Scophony 5/-	7/6	...	7/-8/-	7/-8/-
Sisal Estates 5/-	99	29	1½-2½ pm	1½-2½ pm
Sydney C.C. 4%	...	...	2/1½-2/4½	2/3-2/6
Tarran Industries 2/-	...	...	98½-99½	98½-99½
Taylor Walker 3½% Debs.	98	...	4/-4/6	4/1½-4/7½
Wallis Tin Stamping 2/-	98½	5	1½-1½ pm	1½-1½ pm
Wembley U.D.C. 3%	...	...	...	...

REPORTS AND NOTICES

The directors of Lewis's, Ltd., and its associated companies announce that they have appointed Sir Frederick Marquis, J.P., as chairman.

INSURANCE

LONDON AND SCOTTISH ASSURANCE CORPORATION, LTD.—Owing to the increasing demands upon his time, Mr Richard S. Guinness has relinquished the deputy chairmanship of the London and Scottish Assurance Corporation, Ltd., and has been succeeded by Mr Martin D.V. Holt. Mr Guinness remains a member of the board, which he joined in 1908, serving thereon as deputy-chairman 1910-1924, chairman 1924-1928, and again as deputy chairman 1928-1936. It is also announced that Lord Dunglass has joined the board of the London and Scottish Assurance Corporation, Ltd., and its Associate office, the Scottish Metropolitan Assurance Company, Ltd.

MINES

LIBANON GOLD MINING COMPANY, LTD.—West Witwatersrand Areas, Ltd., announce that Libanon Gold Mining Company, Ltd., was registered on August 4, 1936, in South Africa, with a nominal capital of 5,000,000 10s. shares, of which 2,400,000 shares will be offered at par to shareholders in West Witwatersrand Areas on the basis of two Libanon shares for each share held.

MISCELLANEOUS

BROUGHTON AND PLAS POWER COAL COMPANY.—It is proposed to reorganise capital of this company, and to amalgamate with Bersham Colliery. Lancashire Steel Corporation and Wigan Coal Corporation have agreed to provide additional working capital. Broughton capital to be reduced to £102,000 by cancelling £4 18s. per £10 share. After subdivision to 1s. shares, one out of every two of the latter to be surrendered as "A" shares.

ANGLO-NORWEGIAN HOLDINGS.—Tenders of preferred shares for redemption, at £17 10s. per share or less, have been accepted.

GERMAN 4 PER CENT. STERLING BONDS.—Coupons of German long-term loans (other than "Dawes" and "Young") due July 1st and 15th will be payable to British holders in 4 per cent. sterling bonds of the unconditionally as to principal and interest by the German Government. The coupons should be presented to the appropriate paying agent. Non-acceptance before June 30, 1938, will be deemed refusal, but acceptance invalidates any subsequent claim on the ground of discrimination.

UNILEVER, LTD.—An extraordinary general meeting of Unilever, Ltd., has been called for August 27, 1936, to create £3,500,000 7 per cent. cumulative preferred capital, of which £2,500,000 will be allotted in exchange for participating preference stock of Jurgens, Ltd. Holders of more than 90 per cent. of the latter have accepted the recent offer.

INTERNATIONAL NICKEL COMPANY.—Net profit for second quarter 1936, \$9,070,186.61, equivalent to 59 cents per common share after preferred dividend. Net profit for the first half 1936, \$17,456,974.02, compared with \$10,338,242.37 for first half 1935 (\$1.13 per share against 64 cents).

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended August 15, 1936 amounted to £16,302,000, against ordinary expenditure of £9,463,000. After allowing for a decrease in Exchequer Balances of £379,252, the operations for the week, as shown below, decreased the gross National Debt by £7,219,000 to approximately £7,986 millions.*

(000's omitted)

	£	Nil
Treasury Bills	5,409	
Public Department Advances...	1,110	
Nat. Savings Certificates ...	100	
P. Office and Tel. Cap. Exp.	600	
	7,219	

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

A complete analysis of the approximate position of the National Debt at June 30, 1936, appeared in the *Economist* of July 4, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer				
		April 1, 1935, to Aug. 17, 1935	April 1, 1936, to Aug. 15, 1936	Week ended Aug. 17, 1935	Week ended Aug. 15, 1936	
ORDINARY REVENUE						
Inland Revenue—						
Income Tax	259,000,000	40,709,000	34,365,000	3,725,000	2,991,000	
Sur-tax	56,500,000	5,200,000	5,230,000	130,000	130,000	
Estate, etc., Duties	89,000,000	34,640,000	32,060,000	1,770,000	1,580,000	
Stamps	27,000,000	6,410,000	6,620,000	680,000	390,000	
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...	
Land Tax and Mineral Rights Duty	750,000	120,000	110,000	...	...	
Total Inland Revenue	433,000,000	87,079,000	78,385,000	6,305,000	5,091,000	
Customs and Excise—						
Customs	207,525,000	73,509,000	76,676,000	3,094,000	3,942,000	
Excise	110,000,000	40,400,000	36,200,000	5,300,000	1,400,000	
Total Customs and Excise	317,525,000	113,909,000	112,876,000	8,394,000	5,342,000	
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,838,000	1,890,000	241,000	Dr 981,000	
Post Office (Net Receipt)	11,256,000	9,000,000	8,300,000	850,000	1,400,000	
Crown Lands	1,350,000	510,000	520,000	...	...	
Receipts from Sundry Loans	5,000,000	2,726,839	2,670,505	...	...	
Miscellaneous Receipts	25,250,000	9,369,287	8,195,014	4,663,772	5,450,339	
Total Ordinary Revenue ...	798,381,000	224,432,126	212,836,519	20,453,772	16,302,339	
SELF-BALANCING REVENUE						
Post Office	69,344,000	20,400,000	22,100,000	850,000	1,100,000	
Motor Vehicle Duties apportioned to Road Fund	26,500,000	5,880,000	6,180,000	...	1,190,000	
Total Self-balancing Revenue	95,844,000	26,280,000	28,280,000	850,000	2,290,000	
Total	...	250,712,126	241,116,519	21,303,772	18,592,339	

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments				
		April 1, 1935, to Aug. 17, 1935	April 1, 1936, to Aug. 15, 1936	Week ended Aug. 17, 1935	Week ended Aug. 15, 1936	
ORDINARY EXPENDITURE						
Interest and Management of National Debt	224,000,000	94,786,108	94,023,687	420,409	416,946	
Payments to Northern Ireland Exchequer	7,500,000	1,843,143	2,174,378	...	...	
Other Consolidated Fund Services	3,200,000	1,183,531	995,474	4,105	45,645	
Post Office Fund	600,000	...	...	...	...	
Total	235,300,000	97,812,782	97,193,539	424,514	462,591	
Total Supply Services (excluding Post Office)	570,969,000	178,717,800	190,144,100	10,020,000	9,000,000	
Total Ordinary Expenditure	806,269,000	276,530,582	287,337,639	10,444,514	9,462,591	
SELF-BALANCING EXPENDITURE						
Post Office	69,344,000	20,400,000	22,100,000	850,000	1,100,000	
Road Fund	26,500,000	5,880,000	6,180,000	...	1,190,000	
Total Self-balancing Expenditure	95,844,000	26,280,000	28,280,000	850,000	2,290,000	
Total	...	302,810,582	315,617,639	11,294,514	11,752,591	

† Estimated Expenditure as per Financial Statement (H.C. 77)

Add:—	£	797,867,000
Supplementary Estimates	33,972,000	
Less:—Provision made in the Budget	25,600,000	
	8,372,000	
	806,269,000	

The aggregate revenue from April 1 to August 15, 1936, is shown below:—

	(000's omitted)	£
Expenditure	287,338	
Revenue		212,837
Decrease in balances		319
Gross borrowing	£76,512	
Less:—		
New Sinking Fund*	2,330	
Net borrowing		74,182
	287,338	287,338

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1936 by borrowing.

POSITION OF THE FLOATING DEBT

	Aug. 17, '35	Mar. 31, '36	Aug. 15, '36	Aug. 15, '36
Ways and Means Advances Outstanding	£	£	£	£
Advances by Bank of England	20,000,000	19,055,000	30,000,000	—1,110,000
Advances by Public Departments	880,000	763,115,000	802,955,000*	—5,410,000
Treasury Bills outstanding				
Total Floating Debt	900,415,000	782,170,000	832,975,000	—6,520,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

NATIONAL SAVINGS CERTIFICATES

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Saturday, at £99 17s. 5d., and above in full. The average rate per cent. was 10s. 6-26d. The amount allotted was £45,000,000.

Date	Amount Offered £	Total Applications £	Amount Allotted £	Average Rate % a. d.
January 5, 1934	85,000,000	78,280,000	30,000,000	0 18 11-5
July 6, 1934	85,000,000	82,745,000	32,000,000	0 16 4-14
January 4, 1935	30,000,000	49,580,000	27,500,000	0 6 1-64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4-32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
April 3, 1936	40,000,000	78,280,000	40,000,000	0 10 2-78
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
August 7, 1936	45,000,000	70,965,000	45,000,000	0 10 6-04
August 14, 1936	45,000,000	68,645,000	45,000,000	0 10 6-28

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, August 19, 1936

ISSUE DEPARTMENT

Notes Issued:—	Government Debt.....	11,015,100
In Circulation.....	Other Government Securities.....	245,984,007
In Banking Department.....	Other Securities.....	2,514,742
	Silver Coin.....	486,151

Amount of Fiduciary Issue 280,000,000

Gold Coin and Bullion..... 243,789,154

BANKING DEPARTMENT

Proprietors' Capital.....	14,553,000	Government Securities.....	86,408,310
Reserve.....	3,651,442	Other Securities.....	2,514,742
Public Deposits.....	23,561,648	Discounts and Advances.....	9,677,449
Other Deposits.....	825,965,825	Securities.....	21,281,536
Bankers' Accounts.....	639,957,774	Notes.....	30,958,985
Other Accounts.....	135,923,599	Gold and Silver Coin.....	59,249,170
			1,073,224

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

Both Departments	Amount, 19, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....	444,539,984	+ 5,744,905	+ 44,099,624
Public deposits.....	23,561,648	+ 6,143,246	+ 7,859,613
Bankers' deposits.....	95,965,825	+ 2,024,056	+ 2,067,944
Other deposits.....	39,957,774	+ 1,977,249	+ 3,057,821
Total outside liabilities.....	604,025,231	+ 351,534	+ 56,885,002
Capital and rest.....	18,204,442	+ 24,251	+ 8,275
Government debt and securities.....	343,407,417	+ 3,535,517	+ 2,185,180
Discounts and advances.....	9,677,449	+ 738,595	+ 3,274,383
Other securities.....	23,796,228	+ 2,368,455	+ 8,065,073
Silver coin in issue department.....	486,151	+ 46,878	+ 1,052,210
Coin and bullion (bank's reserves).....	244,862,378	+ 851,130	+ 50,953,067
Reserves of notes and coin in banking department.....	60,322,394	+ 6,596,035	+ 6,853,443
Proportion of reserve to outside liabilities.....			
(a) Banking Department only ("proportion").....	37.8%	+ 2.7%	+ 1.4%
(b) Gold stocks to deposits and notes ("reserve ratio").....	40.5%	+ 0.1%	+ 5.1%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936							
July 29	499,941	448,571	42,292	75,223	39,371	4,174 in	%
" 5	502,980	454,406	17,606	92,668	38,518	3,019 in	%
" 12	502,980	450,285	17,418	97,990	37,981	Nil	%
" 19	503,789	444,540	23,562	95,968	39,958	829 in	%

(000's omitted)

Date	Govt. Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts and Advances	Other Securities	Reserve and the "Proportion"
1936							
July 29	259,062	1,308	240,948	39 3/4	96,408	7,138	19,086
Aug. 5	257,066	2,350	244,004	40 3/4	88,943	8,938	18,471
" 12	257,330	2,137	244,011	40 1/4	86,613	8,939	19,290
" 19	256,999	2,515	244,862	40 1/4	86,408	9,677	21,282

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to August 5	19,956,288	1,226,412	2,068,847	23,271,547
Week ended August 12	558,625	37,007	76,203	671,835
Week ended August 19	697,205	35,195	64,089	796,489
Total to date, 1936	21,212,118	1,298,614	2,229,139	24,739,871
Total to date, 1935	20,993,365	1,217,983	2,057,784	24,269,132
Increase or decrease in 1936	+ 218,753	+ 80,631	+ 171,355	+ 470,739
	= 1.0%	= 6.6%	= 8.3%	= 1.9%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5.5%	= 7.2%	= 8.1%	= 5.8%

PROVINCIAL

(000's omitted).

	Week ended August 15		Month of July		Aggregate Totals January 1 to August 15	
	1935	1936	1935	1936	1935	1936
No. of working days:						
BIRMINGHAM	1,889	1,858	12,439	13,908	+11.8	78,275
BRADFORD	521	617	4,282	3,856	- 1.2	28,770
BRISTOL	1,218	1,226	8,778	8,552	- 2.6	38,433
DUBLIN	4,638	4,810				173,987
HULL	779	792	3,357	3,791	+12.9	23,873
LEEDS	877	649	4,760	4,553	- 4.3	30,094
LEICESTER	579	621	3,172	3,470	+ 9.3	21,681
LIVERPOOL*	4,902	5,904	26,373	29,603	+12.2	189,505
MANCHESTER	8,259	9,101	45,292	44,836	- 0.7	319,352
NEWCASTLE	1,111	1,237	6,080	6,044	- 0.5	44,312
NOTTINGHAM	427	443	2,299	2,520	+ 9.6	15,562
SHEFFIELD	721	856	4,036	4,592	+13.7	27,733
	25,932	28,314	117,848	123,225	+ 4.5	991,577
						1,034,270

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the Economist for November 9. Roumania, in July 18. Turkey, in July 25. Egypt in August 1. International Settlements in August 8. Danzig, Denmark, Lithuania, Portugal, Spain and Java in August 15.

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

U.S.F.R. BANKS	Aug. 22, 1935	July 30, 1936	Aug. 6, 1936	Aug. 13, 1936	Aug. 20, 1936
Gold Certificates on hand and due from the Treasury	6,441,510	8,185,530	8,211,050	8,225,040	8,255,040
Total reserves.....	6,689,850	8,500,280	8,513,400	8,528,740	8,550,540
Total cash reserves.....	227,630	303,080	288,630	289,980	282,450
Total bills discounted.....	7,110	3,670	3,980	7,860	8,090
Bills bought in open market	4,680	3,080	3,080	3,080	3,080
Total bills on hand.....	11,800	6,760	7,060	10,940	9,570
Industrial advances.....	29,280	29,580	28,890	28,780	28,680
Total U.S. Govt. securities.....	2,430,240	2,466,750	2,430,230	2,430,230	2,430,230
Total bills and securities.....	2,471,320	2,466,620	2,468,350	2,470,150	2,468,640
Total resources.....	9,755,110	11,637,790	11,642,370	11,712,840	11,722,490
LIABILITIES					
Federal Reserve notes in actual circulation.....	3,340,980	3,951,100	3,979,810	3,983,470	3,988,050
Aggregate of excess member-bank reserves over requirements.....	...	3,050,000	3,050,000	3,170,000	1,810,000
Deposits—Member-bank—					
Reserve account.....	5,291,500	6,016,170	6,004,800	6,116,080	6,228,520
Government deposits.....	53,720	466,210	439,390	338,060	215,420
Total deposits.....	5,575,180	6,780,210	6,780,210	6,790,890	6,785,500
Capital paid in and surplus	314,240	302,180	302,220	302,190	302,760
Total liabilities.....	9,755,110	11,637,790	11,642,370	11,712,840	11,722,490
Ratio of total reserves to deposit and F.R. note liabilities combined.....	75.0%	79.2%	79.2%	79.2%	79.4%
U.S.F.R. BANKS					
Monetary Gold Stock.....	9,189,000	10,642,000	10,650,000	10,661,000	10,678,000
Treasury and National Bank Currency.....	2,421,000	2,496,000	2,496,000	2,498,000	2,499,000
Money in circulation.....	5,574,000	6,123,000	6,163,000	6,170,000	6,184,000
Treasury Cash and Deposit with Federal Reserve Banks.....	2,722,000	2,907,000	2,866,000	2,759,000	2,625,000

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

	Aug. 22, 1935	July 30, 1936	Aug. 6, 1936	Aug. 13, 1936	Aug. 20, 1936
Total gold reserves.....	2,786,940	3,297,590	3,344,010	3,296,490	3,218,490
Total bills discounted.....	4,100	2,730	3,040	6,650	4,590
Bills bought in open market	1,810	1,110	1,100	1,100	1,100
Total U.S. Govt. securities.....	739,320	660,560	660,560	660,560	660,560
Total bills and securities.....	752,200	671,680	671,680	671,680	671,680
Deposits—Member-bank—					
Reserve account.....	2,559,560	2,721,020	2,778,760	2,762,500	2,733,680
Ratio of total res. to dep. and Federal Res. note liabilities combined.....	80.6%	84.5%	84.8%	85.4%	84.4%

FEDERAL RESERVE REPORTING MEMBER BANKS*

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

	Aug. 7, 1935	July 8, 1936	July 17, 1936	July 22, 1936	July 29, 1936	Aug. 5, 1936
Loans.....	7,839	8,357	8,408	8,348	8,294	8,316
Investments.....	11,960	14,105	14,102	14,098	14,084	14,029
Reserve with Federal Reserve Bank.....	4,095	4,672	4,717	4,816	4,859	4,786
Due from banks.....	2,045	2,487	2,557	2,508	2,443	2,443
Demand deposits.....	12,949	14,639	14,748	14,857	14,850	14,681
Time deposits.....	4,999	4,999	4,999	5,014	5,015	5,015
Government deposits.....	555	836	823	823	823	822
Due to banks.....	4,970	6,510	6,585	6,442	6,360	6,418

* Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	Aug. 19, 1935	July 20, 1936	July 27, 1936	Aug. 3, 1936	Aug. 10, 1936	Aug. 17, 1936
Assets						
Gold and English sterling.....	15,994	16,004	16,004	16,004	16,004	16,004
Other coin, bullion and cash	6,479	6,538	6,996	6,494	6,815	6,735
Money at short call—London	16,655	19,236	18,823	18,605	18,134	19,285
Short-term loans.....	6,195	3,217	3,223	3,540	3,257	5,910
Securities.....	70,786	75,335	75,335	75,240	75,154	75,154
Discounts and advances.....	6,972	8,522	8,529	8,740	8,612	8,473
LIABILITIES						
Notes issued.....	47,044	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold.....	3,896	7,753	7,753	7,753	7,753	7,753
Deposits.....	67,879	66,541	66,881	67,006	66,097	66,578

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	July 13, 1936	July 20, 1936	July 27, 1936	Aug. 3, 1936	Aug. 10, 1936
ASSETS					
Gold.....	2,801	2,801	2,801	2,801	2,801
Sterling exchange.....	22,122	22,127	22,129	19,483	19,487
Subsidiary coin.....	199	191	190	191	188
Investments.....	2,035	2,035	2,035	2,041	2,038
LIABILITIES					
Bank notes.....	10,116	10,065	10,177	10,779	10,770
Demand liabilities—					
Government.....	8,956	8,876	9,128	6,271	6,538
Other.....	6,759	6,884	6,521	6,139	5,878
Ratio of reserves to sight liabilities.....	96.5%	96.5%	96.5%	96.1%	96.1%

BANK OF CANADA.—In \$'s (000's omitted)

	Aug. 14, 1935	July 29, 1936	Aug. 5, 1936	Aug. 12, 1936
ASSETS				
Reserve, of which.....	194,013	192,141	194,369	196,721
Gold coin and bullion.....	180,103	179,524	179,416	179,431
Dominion Government securities.....	96,799	112,157	112,819	112,176
LIABILITIES				
Note circulation.....	77,986	99,508	101,209	102,141
Deposits:—				
Dominion Government.....	29,845	16,271	21,013	20,392
Chartered banks.....	189,375	186,715	188,543	185,641
Ratio of reserves to notes and deposit liabilities.....	65.3%	63.4%	62.3%	63.7%

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

Assets	Aug. 8, 1935	July 22, 1936	July 31, 1936	Aug. 7, 1936
Cash reserve:				
Gold at home and abroad	1,337,563	1,531,021	1,531,000	1,531,089
Foreign exchange	27,660	5,716	7,186	16,238
Other foreign exchange	223,816	444,278	440,806	440,806
Bills and advances against security	1,761,095	1,601,466	1,601,570	1,599,737
Government advances	1,692,146	1,661,410	1,661,463	1,661,502
LIABILITIES				
Notes in circulation	4,502,076	4,778,777	4,957,396	4,969,407
Sight deposits	1,328,137	1,698,793	1,484,165	1,493,064
Time deposits	247,000	50,000	50,000	50,000

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

Assets	Aug. 7, 1935	July 15, 1936	July 23, 1936	July 31, 1936	Aug. 7, 1936
Gold and silver holdings	1,582,875	1,606,955	1,606,955	1,606,955	1,606,955
Balances abroad and foreign currencies	206,875	471,877	449,069	445,581	460,597
Discounts and advances	876,891	1,274,328	1,266,458	1,265,922	1,284,597
Advances to the Treasury	2,697,847	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES					
Reserves	1,258,782	1,246,788	1,245,013	1,245,133	1,245,009
Bank notes in circulation	2,155,889	2,221,795	2,178,936	2,304,168	2,343,943
Sight liabilities	2,002,843	2,071,561	2,123,793	1,951,644	1,981,301
Deposits	128,622	121,495	121,495	121,320	121,563

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

Assets	Aug. 7, 1935	July 15, 1936	July 23, 1936	July 31, 1936	Aug. 7, 1936
Gold and silver exchange	3,520,159	2,943,315	2,858,951	2,824,420	2,761,043
State Gold Bonds	567,169	566,697	566,697	566,440	566,440
Bills discounted	284,522	293,021	301,961	314,896	318,180
Advances	2,917,788	5,586,999	5,501,697	5,384,103	5,576,927
State Debt	2,714,111	3,605,111	3,605,111	3,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,364,408	5,574,025	5,442,314	5,396,184	5,518,025
Deposits and current accounts	3,880,780	6,607,072	6,552,974	6,431,941	6,458,107
Foreign exchange liabilities	153,806	191,081	193,705	186,787	206,057

BANK OF POLAND.—In zloty (000's omitted)

Assets	Aug. 10, 1935	July 10, 1936	July 20, 1936	July 31, 1936	Aug. 10, 1936
Gold	511,166	365,298	365,598	365,899	366,078
Foreign exchange and balances	11,844	10,033	9,383	8,330	10,435
Bills discounted	629,753	631,166	635,737	634,874	635,102
Loans against securities	60,339	130,391	114,368	136,494	124,122
Treasury bonds discounted	56,429	55,619	49,229	46,258	44,879
Securities	46,892	108,950	109,067	109,199	110,920
LIABILITIES					
Notes in circulation	929,933	991,094	964,432	998,456	998,925
Sight liabilities	209,157	192,068	208,941	175,254	171,192

BANK OF FINLAND.—In F. Marks (000's omitted)

Assets	Aug. 8, 1935	July 15, 1936	July 23, 1936	July 31, 1936	Aug. 8, 1936
Gold	324,758	544,651	550,874	557,100	563,322
Balance abroad and foreign bills	1,424,904	1,217,390	1,207,739	1,235,124	1,205,424
Finnish and Foreign bonds	435,098	529,622	522,802	517,421	515,715
Discounts and loans	779,985	929,612	919,384	913,964	896,627
LIABILITIES					
Notes in circulation	1,291,085	1,417,258	1,387,926	1,460,103	1,451,271
Deposits at notice	583,110	794,954	778,976	706,703	692,683

BANK OF ESTONIA.—In Ekrone (000's omitted)

Assets	July 7, 1935	June 15, 1936	June 23, 1936	June 30, 1936	July 7, 1936
Gold coin and gold bullion	32,799	34,139	34,142	34,145	34,147
Net foreign exchange	1,017	3,432	2,923	3,071	2,971
Subsidiary Estonian coin	3,482	1,613	1,457	1,571	1,584
Home bills discounted	6,399	9,391	9,974	9,818	9,775
Loans and advances	3,173	7,259	7,280	9,055	6,895
LIABILITIES					
Notes in circulation	35,114	38,417	40,896	39,372	38,420
Deposits	21,493	25,083	23,073	26,975	25,383
Ratio of reserve to current liabilities	59.74%	59.17%	57.94%	56.08%	58.18%

BANK OF LATVIA.—In lats (gold francs) (000's omitted)

Assets	Aug. 12, 1935	July 13, 1936	July 20, 1936	July 27, 1936	Aug. 3, 1936	Aug. 10, 1936
Gold coin and bullion	46,364	46,411	46,421	46,422	46,423	46,425
Silver coin	16,427	16,171	16,138	16,234	16,277	16,373
Balance abroad	4,698	7,919	7,646	8,061	8,933	9,069
Treas. notes and small change	14,678	14,293	13,583	13,642	13,334	14,069
Short-term bills	54,835	50,731	50,562	50,445	50,429	50,495
Loans against securities	59,663	62,777	68,118	67,853	71,292	70,908
LIABILITIES						
Notes in circulation	32,122	34,529	35,082	34,364	33,880	33,369
Deposits	20,131	20,519	20,507	20,497	20,340	19,512
Current accounts	92,764	90,968	96,680	94,662	99,619	101,718
Government accounts	39,816	46,268	44,621	46,963	46,458	48,885

BANK OF JAPAN.—In yen (000's omitted)

Assets	July 27, 1935	July 4, 1936	July 11, 1936	July 18, 1936	July 25, 1936
Gold coin and bullion	485,462	525,045	528,595	527,321	528,553
Other coin and bullion	44,024	66,197	66,828	66,845	68,403
Discounts	565,285	537,482	532,789	528,166	527,969
Advances	130,551	183,238	184,878	186,772	188,967
Advances on foreign bills	31,309	28,246	29,999	29,999	29,999
Government bonds	508,141	481,648	411,948	377,037	477,188
LIABILITIES					
Notes	1,223,435	1,384,115	1,275,995	1,238,832	1,306,391
Government deposits	310,786	236,349	251,471	61,171	192,397
Other deposits	70,335	60,510	66,580	149,239	108,869

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	Aug. 13, 1936	Aug. 14, 1936	Aug. 15, 1936	Aug. 17, 1936	Aug. 18, 1936	Aug. 19, 1936	Aug. 20, 1936
Bank rate (changed from 2½ June 30, 1935).....	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts.....	2½	2½	2½	2½	2½	2½	2½
3 months' do.....	2½	2½	2½	2½	2½	2½	2½
4 months' do.....	2½	2½	2½	2½	2½	2½	2½
6 months' do.....	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills—							
2 months'.....	2½	2½	2½	2½	2½	2½	2½
3 months'.....	2½	2½	2½	2½	2½	2½	2½
Loans—Day-to-day.....	2½	2½	2½	2½	2½	2½	2½
Short Bank acceptances.....	2½	2½	2½	2½	2½	2½	2½
Discount houses at call.....	2½	2½	2½	2½	2½	2½	2½
Arbitrage.....	2½	2½	2½	2½	2½	2½	2½

Comparison with previous weeks—

		Bank Bills			Trade Bills		
	Short Loans	3 Months	4 Months	6 Months	3 Months	4 Months	Months
1936	%	%	%	%	%	%	%
July 23	1-1	1-1	1-1	1-1	2-2	2-2	2-3
30	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" Aug. 6	1-1	1-1	1-1	1-1	2-2	2-2	2-3
13	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 20	1-1	1-1	1-1	1-1	2-2	2-2	2-3

LONDON RATES OF EXCHANGE
L—Spot Rates (Range of the day's business)

London on	Par of Exch. per g	Aug. 14, 1936	Aug. 15, 1936	Aug. 17, 1936	Aug. 18, 1936	Aug. 19, 1936	Aug. 20, 1936
New York, \$	14.861	5.022-021	5.024-021	5.022-021	5.024-021	5.024-021	5.024-021
Montreal, \$	4.861	5.022-021	5.024-021	5.022-021	5.024-021	5.024-021	5.024-021
Paris, Fr.	124.21	76.1-76.1	76.1-76.1	76.1-76.1	76.1-76.1	76.1-76.1	76.1-76.1
Brussels, Bel.	35.00(a)	29.83-86	29.82-85	29.81-84	29.81-83	29.81-84	29.81-84
Milan, L.	92.46	63.1-64	63.1-64	63.1-64	63.1-64	63.1-64	63.1-64
Zurich, Fr.	25.22	63.75-63.75	63.77-63.77	63.81-63.81	63.78-63.78	63.80-63.80	63.80-63.80
Hel'sfors, M.	375	529*	529*	529*	529*	529*	529*
Athens, M.	198.23	226.1-227.4	226.1-227.4	226.1-227.4	226.1-227.4	226.1-227.4	226.1-227.4
Madrid, Ptas.	25.22	38.1-39.1	38.1-39.1	38.1-39.1	38.1-39.1	38.1-39.1	38.1-39.1
Lisbon, Esc.	110	110-110.8	110-110.8	110-110.8	110-110.8	110-110.8	110-110.8
Amst'dm, Fl.	12.107	7.40-41	7.40-41	7.39-41	7.39-41	7.40-41	7.40-41
Berlin, Mk.	20.43	12.48-51	12.48-51	12.47-51	12.48-51	12.49-52	12.48-52
Registered							
<i>marks</i>	(e)	42-47	42-47	43.48	43-48	42.47	45-48
Vienna, Sch.	34.58	25.1-27.1	25.1-27.1	25.1-27.1	25.1-27.1	25.1-27.1	25.1-27.1
Bu'pest, Pen.	27.82	16.1-16.1	16.1-16.1	16.1-16.1	16.1-16.1	16.1-16.1	16.1-16.1
Prague, Kc.	118.42	121.1-121.1	121.1-121.1	121.1-121.1	121.1-121.1	121.1-121.1	121.1-121.1
Danzig, Gul.	25.00	26.1-26.1	26.1-26.1	26.1-26.1	26.1-26.1	26.1-26.1	26.1-26.1
Warsaw, Zl.	43.38	26.1-27	26.1-27	26.1-27	26.1-27	26.1-27	26.1-27
Riga, Lt.	25.22	14.1-15.1	14.1-15.1	14.1-15.1	14.1-15.1	14.1-15.1	14.1-15.1
Bucharest, Lei	813.8	67.5*	67.5*	67.5*	67.5*	67.5*	67.5*
Const'ple, Pat.	110	627*	627*	627*	627*	627*	627*
Belgrade, Din.	278.32	215-225	215-225	215-225	215-225	215-225	215-225
Kovno, Lit.	48.66	29.1-30.1	29.1-30.1	29.1-30.1	29.1-30.1	29.1-30.1	29.1-30.1
Sofia, Lev.	673.68	395-425	395-425	395-425	395-425	395-425	395-425
Tallinn, E. Kr.	18.159	17.1-18.1	17.1-18.1	17.1-18.1	17.1-18.1	17.1-18.1	17.1-18.1
Oso, Kr.	18.159	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45
St'holm, Kr.	18.159	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45
Cop'gen, Kr.	18.159	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45
Lim'ria, Pat.	97.1	97.1	97.1	97.1	97.1	97.1	97.1
Br. India Rup	18.1	18.1	18.1	18.1	18.1	18.1	18.1
Hong Kong, \$	14.1-15	14.1-15	14.1-15	14.1-15	14.1-15	14.1-15	14.1-15
Kobe, Yen	24.58	14.1-15	14.1-15	14.1-15	14.1-15	14.1-15	14.1-15
Shanghai, \$	28.1	28.1	28.1	28.1	28.1	28.1	28.1
Singapore, \$	28.1	28.1	28.1	28.1	28.1	28.1	28.1
Batavia, F.	12.11	7.35-37.1	7.35-37.1	7.35-37.1	7.35-37.1	7.35-37.1	7.35-37.1
Rio, Mil.	15.896	2.1-2.1	2.1-2.1	2.1-2.1	2.1-2.1	2.1-2.1	2.1-2.1
B. Aires, \$	11.45	18.05-15.8	18.05-15.8	18.05-15.8	18.05-15.8	18.05-15.8	18.05-15.8
Valparaiso, \$	40	17.08	17.08	17.08	17.08	17.08	17.08
M'video, \$	51.4	38.1	38.1	38.1	38.1	38.1	38.1
Lima, Sol.	17.88	20.00	20.00	20.00	20.00	20.00	20.00
Mexico, Pes.	9.76	17.40	17.40	17.40	17.40	17.40	17.40
Manila, P.	24.66d.	23.1-24	23.1-24	23.1-24	23.1-24	23.1-24	23.1-24
Moscow, Rbls	25.75	23.1-24	23.1-24	23.1-24	23.1-24	23.1-24	23.1-24
B'ngkok, Rbts	21.82d.	22.2-23	22.2-23	22.2-23	22.2-23	22.2-23	22.2-23

General Mining Group	Tons Milled, July, 1936	Total Revenue, July, 1936	Estimated Costs per ton, July, 1936	Profit, May, 1936	Profit, June, 1936	Profit, July, 1936
Van Ryn Gold Mines	63,000	£2,172	s. d. 16 1	£14,012	£24,494	£20,444
West Rand Consolidated	188,000	231,797	16 5	98,011	98,010	96,011

† Including £10,432 Farm and Estate Revenue.

Goldfields Group	Tons crushed, July, 1936	Yield, July, 1936	Value, July, 1936	Profit, June, 1936	Working Cost per ton, June, 1936	Profit, July, 1936
Simmer and Jack Mines	68,000	15,647	£108,358	£4,017a	s. d. 27 5-8	£15,106a
Robinson Deep	104,000	26,544	183,817	75,263	20 2-0	79,154
Sub Nigel	59,000	42,941	296,764	195,587	32 5-5	201,016

(a) Operations affected by shaft repairs; normal hoisting expected from Aug. 10.

Union Corporation Group	Tons crushed, July, 1936	Yield, July, 1936	Value, July, 1936	Profit, May, 1936	Profit, June, 1936	Profit, July, 1936
East Geduld Mines	120,000	25,113	£243,083	£129,475	£133,521	£136,589
Geduld Proprietary Mines	110,000	28,582	198,900	120,090	118,949	120,403
Modderfontein Deep Levels	52,000	8,893	60,332	21,075	21,019	20,585

Other Companies	Tons Milled, July, 1936	Total Revenue, July, 1936	Working Costs, per ton, July, 1936	Profit, May, 1936	Profit, June, 1936	Profit, July, 1936
Glynn's Lydenburg	8,600	£18,669†	s. d. 31 4-9	£5,119	£5,130	£5,164
Luipards Vlei Estate	47,500	69,813	21 0	20,936	19,371	20,809
New Kleinfontein Co.	68,800	85,493	18 7	24,458	21,234	21,453
Transvaal Gold Mining	24,500	33,281	21 7-8	7,014	6,531	6,756
Witwatersrand Deep	54,000	69,030	...	12,153	12,017	12,158

† calculated at £6 18s. per fine ounce.

TRANSVAAL OUTPUT, EMPLOYMENT AND WORKING PROFIT.—Gold output, July, 1936, Witwatersrand, 949,690 fine ounces; outside districts, 18,303 fine ounces; total, 967,993 fine ounces. Value for purposes of declaration, £6 18s. 6d. Total output, June, 1936, 944,165 fine ounces. The number of natives employed at end of July was: Gold mines, 292,501; coal mines, 15,164; total, 307,665. Total estimated working profit for June, 1936: Witwatersrand, £2,622,425; outside districts, £11,661; total, £2,634,086. Comparable figures for May, 1936: Witwatersrand, £2,639,057; outside districts, £12,133; total, £2,651,190.

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	* Interim or Final	Date of Payment	Comparison with Last Year	Total Latest Year	Previous Year
RAILWAYS					
Buffalo and Lake Huron Railway	2½†	...	Same	2½	2½
BANKS					
British Linen Bank	16*	Sept. 15	Same	...	...
Dominion Bank	2½a	Oct. 1	Same	...	...
Mining					
Komata Reefs Gold	12½†	Sept. 12	Same	25½	25½
OTHER COMPANIES					
Alton & Co.	27½†	...	...	42½	36½
Baird (William)	10†	...	6	10	15
Barnsley Brewery	12½†	...	...	15	...
Barker, John	10*	Oct. 1	Same	...	...
Bethshanger Holding	33½†	...	10	15	10
Brightside Foundry	15†	...	...	...	...
Cash & Co.	1½*	...	Same	...	...
Field Sons	5%*	Sept. 1	...	...	...
Hilton Main Collieries	10%†	...	5% (b)	15	8
Hulett's S. African Refineries	8†	...	Same	...	...
Hurst Nelson	...	Nov. 11	...	1s. 3d.	9d.
Ismay Industries	...	...	...	6	...
Jackson Bros. (Knottingley)	2½*	...	Same	...	...
Johnston, Mooney, and O'Brien	2½*	...	Same	800	800
Lines Bros.	1,200†	...	...	1,200	800
Lochelly Iron and Coal	7½†	...	4	7½	...
Maple and Co.	2½*	Oct. 1	Same	...	6
May (J.) and Sons (Leeds)	6†	...	Same	2½†	13
Meccano, Ltd.	6½†	...	Same	13	13
Metropolitan Gas (Melbourne)	7½†	...	Same	5	5
Mooney (J. G.)	2½†	...	...	...	...
North Borneo Trading	5%†	...	...	10	...
Parry, Leon and Hayhoe	10%*	...	Same	...	...
Planters Stores and Agency	3%*	Sept. 1	Same	...	...
Shrewsbury and Wern Brewery	...	...	...	...	...
Southend Waterworks					
10% Orig. Shs.	4%*	Oct. 1	Same	...	...
7% Additional Shs.	3%*	...	Same	...	...
5% New Ord. Shs.	2½*	...	Same	...	...
South Shields Gas					
Consolidated Stock	4½*	Aug. 15	Same	...	...
Ord. Stock	2½*	...	Same	...	...
Strettons Derby Brewery	2½*	...	Same	35	34½
United Carlo Gatti	4%*	Sept. 1	Same	...	...
United Flexible Met. Tubing	2%*	Sept. 1	Same	...	...
United Indigo	...	...	...	6½	5
Wellington Gas Light	7½†	Sept. 2	Same	15	15
Original Shs.	6%†	...	Same	12	12
Additional Shs.	6%†	...	Same	5	6
Wilson Bros. Bobbin Co.	2½*	Sept. 30	...	...	...
Winterbottom Book Cloth	...	...	...	...	...

a For quarter. b Free of tax. (b) Initial payment for half-year.

BRITISH EMPIRE FIXED TRUST SERIES "B."—Half-yearly distribution in respect of dividends to July 31st last of 3.38696d. net per sub-unit will be paid September 1, 1936. Amount includes 1.2026d. per sub-unit from rights.

INVESTORS SECOND GENERAL TRUST.—Distribution of 6d. per sub-unit is announced for period February 2 to August 6, 1936. Dividends, 5.042d.; sales of rights, 0.958d.; 0.1031d. per sub-unit carried forward.

KEYSTONE GROUP OF TRUSTS.—Net distributions in respect of South African gold share trusts are announced as follows for June half year 1936:—Gold Producers Deposit Receipts, first series, 10.707d.; second series, 7.7032d.; third series, 5.8467d. Rand certificates, 6.7416d.

BRITISH EMPIRE COMPREHENSIVE FIXED TRUST.—Quarterly distribution amounting to 3.4d. per sub-unit, tax free, will be made 15th September, 1936, representing 3d. per sub-unit cash dividends and .4d. from sale of rights.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Dis- tri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount				
Breweries											
Alton & Co.....	June 30	£ 51,024	£ 47,374	£ 98,398	£ 7,687	£ 32,594	42½	£ ...	£ 58,117	£ 27,136	27½
Strettons Derby Brewery...	June 30	64,607	93,421	158,028	9,711	80,475	35	1,550	66,292	†68,175	34½ pa
Financial Land, etc.											
Illovo Sugar Estates	Mar. 31	21,268	17,999	39,267	...	19,800	6	10,355	9,112	62,381	12½
Iron, Coal and Steel											
Baird (William)	May 31	71,015	†268,830	†339,845	...	141,644	10	105,300	†92,901	†257,287	6
Brightside Foundry and Engineering	June 30	17,043	37,704	54,747	2,250	15,000	15	19,000	18,497	21,073	10
Lochelly Iron and Coal.....	May 31	11,620	55,593	65,213	7,377	21,130	7½	25,000	11,706	44,511	4
Motor and Aviation											
Fodens	June 30	Dr. 58,238	206	Dr. 58,032	...	...	...	...	Dr 58,032	Dr 40,978	1
Other Companies											
Carter & Co.	May 31	12,157	30,950	43,107	13,202	11,895	15	5,500	12,510	25,501	10
Ismay Industries	(a)	...	43,945	43,945	6,573	36,022	6	...	1,350	...	...
Wilson Bros. Bobbin Co. ...	July 15	3,838	16,923	20,761	...	14,250	5	5,000	1,511	21,427	6
Shipping											
Tyne-Tees Steam Shipping	June 30	1,408	41,484	42,892	...	20,461	5	18,000	4,430	37,350	5

† Subject to Directors' fees; £2,144 for 1935. † After adjusting for change of dividend from gross to net basis. Strettons Derby Brewery, 9 months only. (a) Period April 11, 1935 to June 30, 1936.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Aug. 14, 1936. (c) Week ended Aug. 15, 1936.	Miles Open	Gross Receipts, week ended Aug. 16, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (33 weeks) (£'000)				
		Passenger, etc.	Merchandise, etc.	Coal and Coke	Goods	Total Receipts	Passenger, etc.	Merchandise, etc.	Coal and Coke	Goods	Total Receipts
Great Western	1936 3,746	302	188	99	285	587	6,902	6,155	3,276	9,431	16,333
(c) L. & N.	1936 3,748	291	171	97	268	559	6,857	5,903	3,213	9,116	15,973
Eastern	1936 6,332	693	402	237	699	1,392	16,526	15,435	7,848	23,283	39,809
L. M. & Scottish	1936 6,917	454	231	223	655	1,323	16,287	14,563	7,456	22,019	38,306
Southern	1936 6,925†	435	293	222	515	950	10,551	10,125	7,189	17,314	27,865
	1936 2,154	430	64	26	90	520	10,114	2,022	1,016	3,038	13,152
	1935 2,171	421	63	29	92	513	10,048	2,006	960	2,966	13,014
Total	1936 19,149	1879	1029	597	1620	3,499	44,194	34,118	19,717	53,835	98,029
	1935 19,181†	1815	953	571	1530	3,345	43,743	32,597	18,818	51,415	95,158

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935 (00's omitted)				
	Great Western	L.M.S.	L.N.E.R.	Southern
	£	£	£	£
Second half-year 1935, compared with second half-year, 1934 :				
Gross increase or decrease	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year, 1935 :				
Gross increase or decrease	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935 :				
7 weeks to August 16, 1936 ...	+ 97	+ 566	+ 336	+ 53
Weekly average second half 1936	+ 13½	+ 80½	+ 48	+ 7½
Latest week 1936 compared with 1935	+ 28	+ 69	+ 50	+ 7

LONDON TRANSPORT		Compared with corresponding period of
	*Takings (before pooling)	last year
Week ending August 15, 1936	£540,300	+ 21,800
Aggregate 7 weeks to August 15, 1936	£3,876,200	+ 87,100

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

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OVERSEAS RAILWAY RECEIPTS

Name	Weeks Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
			1936	1936
INDIAN				
Assam Bengal	18 July 31	1,390	Rs. 14,57,800 + 7,986	54,73,536 + 1,98,287
Barisi Lt. Ry.	18 July 31	292	41,900 - 43,300	5,64,600 - 62,900
Bengal & N.Western	18 July 31	2,112	Rs. 28,59,424 - 27,788	1,26,07,527 + 6,71,739
Bengal-Nagpur	18 July 31	3,268	20,37,000 + 1,90,938	2,76,16,414 + 15,96,911
Bombay, Bar. & C.I.	18 Aug. 10	3,072	22,55,000 + 68,000	4,13,48,000 + 27,17,000
Bombay & S. Mahr.	18 Aug. 31	3,229	20,17,000 + 1,21,871	2,61,54,388 + 7,67,912
Rohilkhand & Kumaon	18 Aug. 31	546	11,32,638 + 6,570	25,25,165 + 1,91,429
South Indian	18 Aug. 31	2,532	14,05,810 - 81,117	1,66,53,733 - 4,08,369

† 10 days. † 11 days.

CANADIAN

Name	Weeks Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
			1936	1936
Canadian National	33 Aug. 14	23615	\$ 3,256,284 + 301,547	107,280,573 + 6,141,128
Canadian Pacific	33 Aug. 14	17237	2,432,000 + 156,000	78,418,000 + 6,080,000

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS
Less active conditions have prevailed this week, the principal commodity markets having shown few new features. Although in most cases the tone remains good, prices in some instances have suffered a setback.

Thus, copper (whose prospects are discussed in a leading article this week), fell abruptly on the news of a probable increase in United States production after September 1st. Tin, on the other hand, weakened in the early part of the period under review, but subsequently recovered in response to the report that a Siamese representative will shortly leave for Europe to resume negotiations for the renewal of the restriction scheme.

Lead and spelter showed little net change on the week. Cotton prices continued to sag, but quotations for other textile fibres showed little alteration. The market in oilseeds and their products was much quieter and linseed prices lost ground owing to absence of buying interest. Rubber was again a dull market, but prices showed little movement throughout the week.

The damage to the North American wheat crop has now been largely discounted and, although prices rose slightly after last week's reaction, the resumption of any strong upward movement is not to be expected in the absence of new developments. Feeding grains were, however, in active demand at higher rates. Among other foodstuffs, meat was generally cheaper at Smithfield Market, but quotations for

SOUTH AMERICAN										
Antofagasta (Chili and Bolivia)	33	1936 Aug. 16	834	£ 280 - 115,900	£ 1,210 - 19,490	£ 560 + 1,033,200	£ 33,670 + 90,400			
Argentine N.E.	7	15	753	{ £ 198 + 11,276,000	{ £ 112 + 78,000	{ £ 60,494 + 8,372,500	{ £ 5,101 + 246,700			
B.A. and Pacific ...	7	15	2,806	{ £ 747,007 + 1,202,027	{ £ 4,361 + 41,000	{ £ 490,207 + 12,262,000	{ £ 16,196 + 1,300,000			
B.A. Central	5	1	1	{ \$139,100 + 2,756	{ 7,900 + 17,952	{ 598,600 + 71,932	{ 25,700 + 78,000			
B.A. Gt. Southern ..	7	15	5,084	{ £ 732,000 + 24,000	{ £ 4,100 + 24,000	{ £ 2,262,000 + 4,460,000	{ £ 1,300,000 + 71,932			
B.A. Western	7	15	1,930	{ £ 42,857 + 1,283	{ £ 281,930 + 1,283	{ £ 261,135 + 1,283	{ £ 19,298 + 1,283			
Central Argentine ..	7	15	3,700	{ £ 141,449 + 31,857	{ £ 858,115 + 31,857	{ £ 1,171,911 + 31,857	{ £ 17,191 + 31,857			
Central Uruguayan ..	6	8	273	{ £ 711 + 3,492	{ £ 482 + 3,492	{ £ 585,035 + 3,492	{ £ 6,598 + 3,492			
C. Urg. (East Ext.) ..	6	8	185	{ £ 151 + 443	{ £ 82 + 443	{ £ 8,598 + 443	{ £ 2,000 + 443			
C. Urg. (N. Ext.) ..	6	8	211	{ £ 781 + 76	{ £ 5,238 + 76	{ £ 1,274 + 76	{ £ 1,274 + 76			
C. Urg. (W. Ext.) ..	6	8	211	{ £ 781 + 76	{ £ 5,238 + 76	{ £ 1,274 + 76	{ £ 1,274 + 76			
Cordoba Central....	7	15	1,218	{ £ 646,000 + 119,000	{ £ 4,278,000 + 119,000	{ £ 257,000 + 119,000	{ £ 257,000 + 119,000			
Entre Rios	7	15	810	{ £ 37,820 + 6,870	{ £ 250,490 + 6,870	{ £ 14,220 + 6,870	{ £ 14,220 + 6,870			
G. Westn. of Brazil ..	33	15	1,082	{ £ 121,900 + 3,400	{ £ 1,866,500 + 3,400	{ £ 60,700 + 3,400	{ £ 60,700 + 3,400			
Leopoldina.....	33	15	1,918	{ £ 12,406 + 236	{ £ 80,010 + 236	{ £ 3,842 + 236	{ £ 3,842 + 236			
Leopoldina Termal..	33	15	1,918	{ £ 12,406 + 236	{ £ 80,010 + 236	{ £ 3,842 + 236	{ £ 3,842 + 236			
Nitrate	7	15	397	{ £ 117 + 3,000	{ £ 1,028,000 + 3,000	{ £ 1,340,000 + 3,000	{ £ 1,340,000 + 3,000			
Paraguay Central ..	7	15	274	{ £ 214,061 + 1,113	{ £ 1,413 + 1,113	{ £ 72,005 + 1,113	{ £ 2,988,000 + 1,113			
Salvador	7	15	100	{ \$ 42,000 + 855	{ \$ 855 + 855	{ \$ 71,623 + 855	{ \$ 16,813 + 855			
San Paulo	32	9	1,834	{ \$ 284,000 + 584,000	{ \$ 79,495,000 + 584,000	{ \$ 144,700,000 + 584,000	{ \$ 144,700,000 + 584,000			
United of Havana ..	7	15	1,353	{ £ 3,500 + 3,918	{ £ 15,500 + 3,918	{ £ 105,817 + 3,918	{ £ 25,118 + 3,918			

GLASGOW.—Scottish coal output for the first six months of this year amounted to 16,084,000 tons, compared with 15,623,800 tons in the corresponding period of last year and 15,723,400 tons in 1934. No price schedules have as yet been issued by the new control committee, and business for the time being is conducted cautiously. The market is firm, and the collieries, with a substantial contract business in hand, especially on home account, are working steadily as a rule. Supplies generally are about fully absorbed, and in the case of navigation sorts and washed nuts a stringent position rules.

IRON AND STEEL

LONDON.—Considerably more activity is noticeable in the iron and steel markets than is usual when the holiday season is in full swing, says the official report of the London Iron and Steel Exchange. The volume of new business in home markets has decreased somewhat, owing to local holiday stoppages at works; but deliveries in all departments are still on a heavy scale, and inquiry on export account shows a tendency to improve. Business in pig iron is steady and a number of unexpired contracts have been renewed. In some cases consumers have bought for the first quarter of 1937, although producers are not anxious to enter into such far distant commitments. It is expected that demand, which has been affected by seasonal conditions, will increase in the early autumn, when fresh plant will probably be brought into operation to meet the requirements of the market. In the semi-finished steel department the producing concerns are operating at capacity; but are scarcely able to satisfy the demand. Some consumers have stocks in hand, but there is an active business in small parcels, whilst most users would be prepared to enter into extended contracts. There has been no relaxation in the demand for finished steel materials. The works are operating at capacity; but in many cases are behind with deliveries and are finding it difficult to accept overseas business.

SHEFFIELD.—The holidays have somewhat restricted business in the iron and steel market. Any forge and foundry iron on offer is, however, readily taken up. Derbyshire makers have little opportunity of accumulating stocks, production for some time ahead being fully accounted for. Lincolnshire makers are still virtually off the market. There is little new business in West Coast hematite, producers being busy on contracts running to the end of the year. The increased prices of finished iron are unlikely seriously to affect the placing of business. Crown bars and iron strip have been increased in price by 7s. 6d. and marked bars are also dearer. Demand for basic and acid steel billets is so heavy that consumers are having to use imported material in some cases. Wire rod business continues on the up-grade. The market for strip, bright drawn steel and stainless steel sheets continues very firm. In the scrap market business remains good, though in many instances consumers are taking up only bargain lots. There is fair buying of heavy basic steel for melting at around 56s. per ton delivered. Heavy steel turnings are fetching up to 47s. 6d., and foundry cast iron is in request at up to 67s. 6d. delivered.

GLASGOW.—Work on many of the recent contracts placed with Clyde shipbuilders is now actually in progress and, as the bulk of the material is being supplied by local steelmakers, the demand for ship-building sections and plates is very heavy. Steel plants are working at high pressure to meet all the demands made on them for these and other material. Marine and other engineering concerns are also working to capacity and the output of the steel makers, the re-rollers and others is being rapidly absorbed; there are no accumulations of stocks at works. Practically every branch of the industry in Glasgow and in the West of Scotland is finding new business more plentiful, and in many establishments work on hand is sufficient to ensure regular employment for several months to come.

OTHER METALS

COPPER.—After rising to £38 15s. on Friday of last week—the highest official price for over three years—the standard cash quotation suffered a decline and closed on Wednesday at £38 2s. 6d. The fall was traceable to reports from the United States that the Kennecott group intend to expand production by 10 per cent. after September 1st in order to prevent a rise in the domestic price. The Kennecott group has been known for several years to be opposed to the price-raising policy of Anaconda and Phelps-Dodge, so that the report does not come as a surprise. Outside the United States the position is unchanged and, since the European market would not be directly affected by the increased American production, the reaction on the London market appears to have been overdone.

Sales on the London Metal Exchange, 1,800 tons on Monday, against 1,500 tons last week; 2,750 tons on Tuesday, against 2,100 tons last week; 1,000 tons on Wednesday, against 975 tons last week. Domestic spot was quoted at 9-30 cents per lb. in New York on Wednesday, against 9-40 cents a week ago and 9-22½ cents a month ago. Wednesday's official closing price for standard cash in London was £38 2s. 6d. to £38 3s. 9d., compared with £38 7s. 6d. to £38 8s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 51,600 tons, show a decrease of 1,092 tons, while stocks of rough copper, at 2,905 tons, show a decrease of 151 tons on the week.

LEAD AND SELLER.—After appreciable fluctuations, both metals closed a shade higher on the week. World output of smelter lead, according to the *Metallgesellschaft*, declined from 128,662 metric tons in May to 122,774 metric tons in June, most of the leading producers sharing in the reduction. No news concerning the resumption of negotiations for the renewal of the zinc cartel has been received this week.

Sales of lead on the London Metal Exchange: 800 tons on Monday, against 2,250 tons last week; 1,300 tons on Tuesday, against 550 tons last week; 650 tons on Wednesday, against 1,175 tons last week. The New York quotation on Wednesday was 4-60 cents per lb., against 4-60 cents a week ago and 4-60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 13s. 9d. per ton, compared with £16 12s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 900 tons on Monday, against 500 tons last week; 275 tons on Tuesday, against 675 tons last week; 150 tons on Wednesday, against 200 tons last week. Wednesday's quotation in East St. Louis was 4-80 cents per lb., against 4-80 cents the week before and 4-80 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 8s. 9d. per ton, against £13 7s. 6d. last week.

TIN.—After an early decline, quotations scored a recovery and closed on Wednesday showing little net change on the week. The main reason for the improvement was a report from Bangkok that the advisor to the Siamese Mining Department is shortly leaving for Europe to resume negotiations for the prolongation of the restriction scheme.

According to preliminary figures which have come to hand from New York, Bolivian tin exports during July totalled 3,665 tons, or 750 tons in excess of the quota. This is the first time since May, 1935, that Bolivia has

exceeded her quota and the news comes as a surprise for, according to the *Metallgesellschaft*, production of Bolivian mines in June—which means ores ready for shipment in July—totalled only 2,381 metric tons. The same authority estimates world tin-mining production at 14,112 metric tons in June, against 14,059 tons in the previous month.

Sales of tin on the London Metal Exchange: 275 tons on Monday, against 85 tons last Monday; 230 tons on Tuesday, against 250 tons last week; 335 tons on Wednesday, against 275 last week. The New York quotation on Wednesday was 42-50 cents per lb., against 41-37½ cents a week ago and 44-00 cents a month ago. Wednesday's official closing quotation in London for standard cash was £184 5s. to £184 15s. per ton, compared with £184 5s. to £184 7s. 6d. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 638 tons, an increase of 28 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was again quoted at £12 3s. 6d. per flask of 76 lbs. Chinese antimony was quoted at £51 to £52 per ton ex warehouse, duty paid, as against £52 to £53 per ton last week. Chinese wolfram for "August-September" shipment was quoted at 25s. 6d. to 26s. 6d. per unit c.i.f., against 25s. to 26s. a week ago. Platinum (refined) was advanced to £10 10s. per ounce, as against £8 10s. per ounce last week.

TEXTILES

COTTON.—Manchester.—The past week has not brought any expansion in business. Traders have been harassed by the wider fluctuations in raw cotton rates and a certain amount of nervousness has prevailed with regard to the situation on the Continent. Many fluctuations have occurred in raw cotton rates. The general outlook for supplies is very uncertain, and for the most part quotations are being governed by weather reports from the American belt. It is believed that the crop has deteriorated since the beginning of the month, with a probability of the Government estimate of the yield being reduced early in September. A bullish factor at the moment is the large world consumption, especially in the United States.

COTTON PRICES

	1936					Corresponding Date	
	July 29	Aug. 5	Aug. 12	Aug. 19		1934	1935
Raw Cotton—Mid. American..... per lb.	7-28	6-99	6-92	6-75	7-16	d.	6-58
Sakellaridis Fully Good Fair Egyptian..... per lb.	11-20	11-15	11-06	10-75	8-73	8-12	
Yarns—32's twist..... per lb.	11½	11	11	10½	10½	10½	
40's twist..... per lb.	11½	11½	11½	10½	10½	10½	
60's twist (Egyptian)..... per lb.	17½	17	17	16½	17	16	
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
	18 3	18 1½	18 1½	18 0	19 6	17 4½	
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	25 9	25 6	25 4½	25 1½	24 6	24 4½	
38-in. ditto, 85 yds., 18 by 18, 40 lb.	10 6	10 5	10 4	10 3	11 3	10 4	
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 6	9 5	9 4	9 3	10 1	9 3	

Inquiry in the cloth section has been fair and numerous miscellaneous sales have been arranged; but there have been no indications of buyers being prepared to place bulk lines with manufacturers. Operations for India have again been limited, buying being chiefly in light whites and fancies, the most promising outlet being Karachi. Some useful orders have been reported in fancies for China, Java and Singapore. There has been very little activity for Egypt and the Near East. The undercurrent of demand for West Africa has been well maintained, especially in printed and coloured cloths. Buying for South America has been rather patchy. Irregular operations have occurred for the Dominions, chiefly South Africa and Australia. Necessary buying has taken place in home trade fabrics, most of the demand running on standard makes. Yarns have been bought very unevenly. In one or two quarters fair weights have been booked in coarse and medium American counts. Rather more interest has been shown in Egyptian yarn prices.

COTTON YARN PRICE - FIXING.—A determined effort is now being made by spinners of Egyptian type cotton yarns to formulate a price-fixing scheme. During the last few months mills in this section have lost ground and employers are now faced with a wages demand from operatives which would be an additional over-head charge. A further expense almost immediately will be the levy next month under the Cotton Spinning Industry Act. A largely attended meeting has just been held of interested parties. It is understood that one of the chief difficulties in securing united action is the fact that wages in Oldham and other Lancashire towns outside Bolton are lower than those paid in Bolton; thus the labour cost of spinning identical counts is about 5 per cent. less in Oldham than in Bolton. The suggestion has now been made that there should be a different basis for the Bolton mills. This advantage to Oldham has been in existence for a long number of years, but in trade circles there is always a preference for Bolton yarns, owing to the generally acknowledged superior quality. A further meeting is about to be held, and there are grounds for believing that a greater spirit of compromise prevails on this important question than on previous occasions.

WOOL.—Bradford.—Although London brokers have been comparatively quiet, the holiday period has been marked by a fair amount of activity in manufacturing districts, and Bradford firms have done considerable business. Last week Russia was again in the market for scouring merinos and bought fairly heavily; topmakers turned over a larger weight of tops than they expected. Export requirements were also prominent. The result is that prices are very firm, and there is evidence that the trade is lightly stocked. Merino tops are very firm, although local spinners are not buying at all freely. The crutching sales which have just begun in New Zealand also give evidence of strength in crossbreds. Stocks are fairly large, but there is a willingness to buy. The market is very firm with a tendency, if anything, against the buyer. There seems to be considerable concern in Australia about the continued absence of Japanese competition. But, at the end of May, stocks of wool in Japan were 91 million lb., compared with 50 million lb. at the corresponding date a year ago; consequently, that country can well afford to remain out of the market until the end of the year, when supplies are more normal. The lessened buying power of Continental countries gives rise to far more concern than the absence of Japanese competition in overseas markets. In the meantime, the trade is waiting the opening of a new selling season in Sydney on August 31st.

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended July 31		Seven Months ended July 31	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour.....	4,859,899	5,100,386	30,597,734	35,428,286
B. Feeding-stuffs for Animals.....	650,666	562,771	4,436,238	4,391,063
C. Animals, Living, for Food.....	377,001	615,097	2,780,652	3,674,254
D. Meat.....	6,957,204	7,058,107	47,352,566	45,925,814
E. Dairy Produce.....	4,879,988	6,423,388	32,508,066	37,818,025
F. Fresh Fruit and Vegetables.....	3,761,115	2,903,101	23,931,453	24,605,907
G. Beverages and Cocoa Preparations.....	2,898,960	2,889,147	22,108,236	23,895,218
H. Other Food.....	4,016,416	3,655,946	25,334,202	26,328,604
I. Tobacco.....	525,494	669,865	5,898,913	7,024,346
Total, Class I.....	28,926,743	29,883,808	194,948,060	209,091,517
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal.....	1,085	361	10,981	18,580
B. Other Non-Metalliferous Mining and Quarry Products and the like.....	342,186	448,522	2,037,887	2,414,878
C. Iron Ore and Scrap.....	471,572	695,798	2,924,577	5,243,552
D. Non-Ferrous Metalliferous Ores and Scrap.....	1,070,346	1,147,613	6,441,107	7,030,357
E. Wood and Timber.....	4,507,872	5,503,088	17,227,088	19,899,180
F. Raw Cotton and Cotton Waste	2,223,024	4,012,917	18,707,132	25,029,178
G. Wool, Raw and Waste, and Woolen Rags.....	2,554,731	2,186,985	25,014,544	30,185,722
H. Silk, Raw, Knobs and Noils.....	81,430	103,023	755,398	1,137,462
I. Other Textile Materials.....	637,706	559,612	6,374,009	6,326,181
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums.....	2,046,678	2,249,000	14,944,104	17,491,019
K. Hides and Skins, Undressed.....	1,011,503	1,324,414	8,165,572	10,937,243
L. Paper-making Materials.....	915,826	1,005,945	5,939,563	6,565,284
M. Rubber.....	677,013	299,160	6,732,413	2,903,305
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured.....	525,763	609,801	4,793,271	4,895,956
Total, Class II.....	17,066,735	20,146,239	120,067,646	140,027,917
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	2,358	3,831	29,123	51,428
B. Pottery, Glass, Abrasives, etc.	660,837	663,529	3,936,276	4,047,230
C. Iron and Steel and Manufactures thereof.....	696,237	1,238,985	4,969,739	6,938,598
D. Non-Ferrous Metals and Manufactures thereof.....	1,925,225	2,603,706	14,579,859	17,872,633
E. Cutlery, Hardware, Implements and Instruments.....	540,766	586,700	3,427,905	3,826,173
F. Electrical Goods and Apparatus	249,534	328,486	1,552,726	1,941,320
G. Machinery.....	1,185,381	1,578,099	7,631,828	10,363,633
H. Manufactures of Wood and Timber.....	516,890	669,749	3,478,110	4,397,536
I. Cotton Yarns and Manufactures	194,283	218,719	1,311,392	1,520,700
J. Woolen and Worsted Yarns and Manufactures.....	215,235	264,539	1,379,081	1,640,935
K. Silk Yarns and Manufactures.....	223,834	194,616	1,801,169	1,463,635
L. Manufactures of other Textile Materials.....	540,917	575,577	3,904,493	4,102,823
M. Apparel.....	604,418	675,684	5,160,910	5,503,281
N. Chemicals, Drugs, Dyes and Colours.....	898,994	947,613	6,215,366	6,972,680
O. Oils, Fats and Resins, Manufactured.....	3,078,822	3,492,425	19,301,094	20,960,917
P. Leather and Manufactures thereof.....	743,834	881,052	4,595,812	5,461,075
Q. Paper, Cardboard, etc.....	1,294,762	1,286,144	7,401,655	8,308,898
R. Vehicles (including Locomotives, Ships and Aircraft).....	278,395	323,673	2,817,430	3,114,213
S. Rubber Manufactures.....	44,145	44,270	342,402	346,175
T. Miscellaneous Articles wholly or mainly Manufactured.....	1,587,339	1,628,109	9,647,821	10,273,040
Total, Class III.....	15,482,206	18,205,506	103,484,191	119,106,903
IV.—Animals, not for Food.....	159,941	224,701	893,182	1,089,086
V.—Parcel Post.....	127,903	270,766	1,048,820	1,857,797
Total.....	61,763,528	68,731,020	420,441,899	471,173,220

GRAIN MARKETS

WHEAT.—The market position has undergone little change, but prices in this country have recovered slightly after last week's reaction. The absence of Russian wheat from the market has had a bullish influence but crop damage in North America has now been largely discounted. No renewal of the strong upward tendency of prices seems likely in the absence of new developments.

On Wednesday last, "September" futures were quoted in Chicago at 114½ cents per bushel, against 110½ cents the week before and 104 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 40s. 9d. per 496 lbs., against 39s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 40s. 3d., against 39s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,244,000 quarters, against 1,231,000 in the previous week and 845,000 quarters in the corresponding week a year ago.

FLOUR.—Prices remain steady, although business is somewhat restricted. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 34s. per 280 lbs., against 34s. a week ago; delivered inner London, 33s. 6d., as compared with 33s. 6d. a week ago; Manitoba patents, ex store, 30s. 6d., to 32s. against 30s. 9d. to 32s. 3d. a week ago. Australian, ex store, 27s. 6d. to 28s. 6d., against 27s. 6d. to 28s. a week ago.

BARLEY.—Imported barley has been in request owing to the advance in maize, and the market has a firm tone. The statistical position of the commodity remains sound. "October" futures were quoted at 61½ cents per bushel in Winnipeg on Wednesday, against 64½ cents a week ago and 48½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 27s., as against 25s. a week ago; "English malting," at farm, not quoted.

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.)

KINGDOM (Value F.O.B.)				
	Month ended July 31		Seven Months ended July 31	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	£ 138,420	£ 141,381	£ 1,100,565	£ 1,022,986
B. Feeding-stuffs for Animals	32,959	37,373	367,565	354,889
C. Animals, Living, for Food	239	175	4,576	2,156
D. Meat	65,263	76,335	459,093	553,185
E. Dairy Produce	105,250	147,675	556,593	719,924
F. Fresh Fruit and Vegetables	11,870	9,890	117,168	68,149
G. Beverages and Cocoa Preparations	749,047	1,084,513	4,987,162	6,945,750
H. Other Food	1,109,000	1,109,093	6,503,882	6,766,229
I. Tobacco	437,325	437,325	2,511,201	2,590,203
Total, Class I	2,619,527	3,043,760	16,607,805	19,023,471
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,013,410	2,863,546	18,321,879	16,493,351
B. Other Non-Metalliferous Mining and Quarry Products and the like	98,082	81,259	622,856	608,753
C. Iron Ore and Scrap	30,366	34,765	269,530	240,033
D. Non-Ferrous Metalliferous Ores and Scrap	155,595	189,621	970,825	1,230,043
E. Wood and Timber	6,946	14,619	57,150	58,550
F. Raw Cotton and Cotton Waste	100,300	73,292	727,218	494,236
G. Wool, Raw and Waste, and Woolen Rags	600,056	567,066	4,947,615	3,954,532
H. Silk, Raw, Knobs and Noils	1,289	556	7,783	7,848
I. Other Textile Materials	22,444	49,321	224,136	298,746
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	221,633	293,765	1,766,697	1,890,554
K. Hides and Skins, Undressed	74,769	117,391	591,805	1,132,657
L. Paper-making Materials	90,625	108,245	645,292	686,698
M. Rubber	10,799	22,241	89,416	110,281
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	147,678	174,871	1,657,524	1,684,266
Total, Class II	4,573,992	4,590,558	30,899,726	28,854,548
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	235,903	252,180	1,565,455	1,549,839
B. Pottery, Glass, Abrasives, etc.	759,906	878,291	4,696,236	4,925,807
C. Iron and Steel and Manufactures thereof	3,110,676	3,381,781	20,552,315	20,423,678
D. Non-Ferrous Metals and Manufactures thereof	1,329,217	1,056,386	8,119,818	7,205,879
E. Cutlery, Hardware, Implements and Instruments	743,853	801,533	4,609,357	4,630,287
F. Electrical Goods and Apparatus	810,491	872,739	5,194,785	5,514,466
G. Machinery	3,373,516	3,903,110	22,705,941	23,810,297
H. Manufactures of Wood and Timber	111,373	100,880	588,747	687,251
I. Cotton Yarns and Manufactures	5,233,191	5,721,221	35,440,641	35,267,948
J. Woollen and Worsted Yarns and Manufactures	2,742,345	3,180,474	17,358,747	18,491,127
K. Silk Yarns and Manufactures	103,853	109,244	633,055	706,493
L. Manufactures of other Textile Materials	1,336,896	1,615,819	9,158,372	9,921,794
M. Apparel	849,114	1,031,568	5,972,367	6,554,984
N. Chemicals, Drugs, Dyes and Colours	1,761,223	1,883,955	12,276,704	12,158,378
O. Oils, Fats and Resins, Manufactured	508,445	402,556	3,124,589	2,871,548
P. Leather and Manufactures thereof	289,482	346,628	2,106,807	2,361,887
Q. Paper, Cardboard, etc.	554,387	611,301	3,717,903	3,725,466
R. Vehicles (Including Locomotives, Ships and Aircraft)	2,474,620	2,848,900	17,482,649	17,769,813
S. Rubber Manufactures	143,927	148,909	895,424	939,879
T. Miscellaneous Articles wholly or mainly Manufactured	1,928,063	2,335,988	12,775,886	13,881,266
Total, Class III	28,400,181	31,492,858	188,875,698	193,397,883
IV.—Animals, not for Food	86,636	153,573	337,620	589,220
V.—Parcel Post	763,113	805,173	6,002,857	6,101,280
Total	36,443,449	40,085,922	242,873,706	247,966,402

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a week ago; "Plate," "August," 24s., as against 23s. 9d. a week ago; yellow maize meal, ex wharf, was quoted at £6 10s. to £6 15s. per ton, as against £6 10s. to £6 15s. last week.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-36:—

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Aug. 21, 1935	Dec. 31, 1935	Aug. 12, 1936	Aug. 19, 1936
Winnipeg (No. 1, Manitoba)	65½	82½	87½	84½	100½	102½
—Cents per 60 lb.						
Chicago (No. 2 Winter)	84½	98½	89½	75½	110½	114½
—Cents per 60 lb.						

The visible supply of wheat in Canada amounts to 62,306,000 bushels, against 66,029,000 bushels last week, and 124,952,000 bushels in the corresponding week last year.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—				
1 week to August 15	Cwts. 51,828	Cwts. 71,825	Cwts. 137,807	Cwts. 14,170
50 weeks to August 15	8,682,644	11,107,609	13,464,519	13,269,878
Average price of English wheat per cwt.	s. d. 6 0	s. d. 5 1	s. d. 4 7	s. d. 7 9

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
August 13, 1932.....	Cwts. 28,217	Cwts. 1,752	Cwts. 4,466	s. d. 6 7	s. d. 9 9	s. d. 7 7
August 12, 1933.....	51,828	7,407	18,782	6 0	9 7	5 6
August 18, 1934.....	71,825	21,556	23,715	5 1	10 6	6 7
August 17, 1935.....	137,807	14,079	42,814	4 7	7 7	6 3
August 8, 1936.....	37,575	2,532	7,506	7 6	7 3	6 6
August 15, 1936.....	14,170	1,510	9,754	7 9	6 10	7 0

OTHER FOODS

BACON.—The market was active again this week, and, despite heavier imports, prices remained firm. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 99s.; Canadian, 93s.; Danish, 100s., as against 99s., 93s. and 100s. last week. Arrivals in London last week included Danish, 14,449 bales; Canadian, 4,246; Dutch, 2,439; Lithuanian, 1,620, and Polish, 2,698, as against 14,496, 4,035, 2,570, 1,703 and 2,477 respectively, in the previous week.

BUTTER.—Market conditions remain firm and prices show a further increase. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 122s.; Australian, choicest salted, 120s.; Danish, 128s., compared with 118s. to 119s., 117s. to 118s., 126s. to 128s., respectively, a week ago.

CHEESE.—Demand for cheese has been well maintained and prices have risen again this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 72s. to 76s.; Canadian, finest coloured, 68s.; and New Zealand, finest coloured, 67s. to 68s., against 70s. to 74s., 66s. and 65s., respectively, a week ago.

COCOA.—Firm conditions still obtain in the cocoa markets. The spot quotation in New York on Wednesday was 6½ cents per lb., as against 6½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "October-December," was quoted 29s. 3d. per 250 kilos., c.i.f. Continent, against 28s. 7½d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 5,586 bags; delivered for home consumption, 2,418 bags; exported, 268 bags; stocks, 163,379 bags, against 151,242 bags a year ago.

COFFEE.—The London market continues quiet; the New York spot market is steady with prices unchanged. On Wednesday, Rio No. 7 (cash) per lb. last week and 7½ cents per lb. a month ago. Movements of coffee for home consumption, 52 cwt.; exports, nil; stocks, 10,409 cwt., 708 cwt.; delivered for home consumption, 2,264 cwt.; exported, 1,637 cwt.; stocks, 95,154 cwt., against 144,587 packages last year. Other exports, landed, 552 cwt.; delivered for home consumption, 2,983 cwt.; exported, 2,059 cwt.; stocks, 139,019 cwt., against 161,727 packages last year.

EGGS.—Despite plentiful supplies, prices have hardened during the week, in response to an active demand. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 15s. 6d. to 16s. per 120, as against 15s. to 15s. 6d. last week, while Danish (15½ lb.) made 10s. 9d. to 11s. per 120, as against 10s. 6d. to 10s. 9d. last week.

FRUIT.—According to *The Fruitgrower's* report, business at Covent Garden has been more active this week than is usual in mid-August. Supplies continue plentiful, particularly as regards apples and plums.

and prices are well maintained, except for the lower grades. The recent rains have been detrimental to soft fruit and currant and raspberry prices are firm; cultivated blackberries are selling well. English small pears, though plentiful, are fetching good prices; Californian pears have declined, but Continental Williams are fairly steady. Large quantities of grapes are available and prices have accordingly eased. Green figs and house-grown melons are steady, but Spanish melons are cheaper. English peaches have declined in price; nectarines remain firm. Oranges, lemons and grape-fruit show rising prices on smaller supplies.

MEAT.—Demand for meat at Smithfield Market has been inactive and prices are a shade easier. On Wednesday last, Argentine chilled hind-quarters were quoted at 3s. 10d. to 4s. 2d. per 8 lbs., as compared with 3s. 10d. to 4s. 4d. a week ago. New Zealand frozen mutton was 3s. to 3s. 8d. per 8 lbs., against 3s. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,738 tons, an increase of 749 tons on the corresponding week last year. Beef and veal accounted for 4,808 tons, mutton and lamb 2,686 tons, and pork and bacon 710 tons, as compared with 4,055, 2,933, and 558 tons respectively, in the same week of 1935.

MILK.—Information relative to the operation of the Milk Marketing Scheme during July, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:

	July, 1935	April, 1936	May, 1936	June, 1936	July, 1936
Regional pool prices* (per gallon)	d.	d.	d.	d.	d.
Northern	10	11½	8½	9	9½
North-Western	9½	11½	8½	9	9½
Eastern	10½	11½	9	9½	10
East Midland	10	11½	8½	9	9½
West Midland	9½	11½	8½	9	9½
North Wales	10	11½	8½	9	9½
South Wales	10	11½	8½	9	9½
Southern	10½	11½	8½	9	10
Mid-Western	9½	11½	8½	9	9½
Far Western	9½	11½	8½	9	9½
South Eastern	10½	12½	9½	9½	10½
Liquid milk price (per gallon, all regions)	13	16	12	12	13
Manufacturing price (per gallon, average)	5-38	4-885	4-755	4-941	5-05
Total sales under contract.....	80-86	77-03	90-56	87-56	84-59
For liquid consumption.....	46-83	45-44	48-03	46-67	47-39
For manufacturing.....	34-03	31-59	42-53	40-89	37-20

* On account to the nearest farthing.

Accredited producers receive 1d. per gallon in addition to the above prices. Premiums for level deliveries and for Grade "A" or special services are paid to the producers concerned in addition to the pool price. Transport charges are payable by individual producers and are deducted from accounts.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 1 ton; stocks, 1,748 tons, against 1,747 tons a year ago. White, landed, 6 tons; delivered, 47 tons; stocks, 12,154 tons, against 18,084 tons a year ago.

RICE.—Firm conditions still obtain on the London market and prices have been maintained. The spot price of Burma No. 2, cleaned, new crop, was 9s. per cwt. ex warehouse on Wednesday, as compared with 9s. per cwt. a week ago. "August-September" in singles to Continent and U.K. was quoted at 8s. 1½d. per cwt., against 8s. 1½d. last week. Movements in London during the past week were as follows: Landed, 197 tons; delivered, 452 tons; stocks, 2,372 tons, against 9,934 tons a year ago.

SUGAR.—Business in London has been quiet and prices are easier; in New York prices rose during the week-end and have since been steady at the higher level. The spot price in New York on Wednesday was 3-70 cents per lb., as compared with 3-65 cents per lb. last week and 3-70 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at 4s. 4½d. to 4s. 4½d., against 4s. 5½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week and 20,543 tons in the same week of last year; deliveries, 19,940 tons, against 14,465 tons last week and 14,999 tons last year; stocks, 119,215 tons, against 113,614 tons last week and 149,451 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Aug. 15, 1935.....	d. 11-84	d. 10-82	d. 12-99	d. 9-44	d. 8-61	d. 10-28	d. 11-81
July 2, 1936.....	12-19	12-10	13-04	10-33	9-89	11-26	12-22
July 9, ".....	12-15	12-11	13-06	10-42	10-01	11-32	12-23
July 16, ".....	12-27	12-07	13-35	10-34	10-09	11-51	12-41
July 23, ".....	12-11	12-01	12-93	10-22	9-88	11-44	12-32
July 30, ".....	12-05	11-81	12-81	10-32	9-84	11-13	12-18
Aug. 13, ".....	12-67	11-86	12-86	10-23	9-76	11-20	12-47

The quantities catalogued for the public auctions in Mincing Lane this week comprised 40,400 packages of Indian and 23,435 packages of Ceylon tea. At the auctions for both Indian and Ceylon teas a good tone prevailed and prices were firm.

VEGETABLES.—With the exception of tomatoes, vegetable supplies at Covent Garden have been in excess of requirements, says *The Fruitgrower*. Tomato prices are steady, but runner bean, cabbage, marrow, onion and other root vegetable prices have fallen. At the various London markets demand for potatoes has not been so active as usual, and prices show an all-round decline. There is also a considerable amount of blight on account of the wet season. At the London Borough Market on Tuesday, King Edward made 5s. to 6s. per cwt., against 5s. 6d. to 6s. 6d. last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Much quieter conditions rule in oilseeds and their products, partly in sympathy with the easing in cereals and the unsettled political outlook. Linseed failed to respond to the reduced official estimate of the American crop yield and has, on the

In the United States, primary products were generally dearer. Thus Moody's index of the dollar price of staple commodities (December 31, 1931=100) further advanced from 185.4 to 186.2 in the week ended last Wednesday, against 185.2 a month ago and 171.1 at the same date last year.

COAL

NEWCASTLE-ON-TYNE.—Whilst the North East coal market is steady and collieries are working much better under an active home demand, export trade shows no improvement. Last week inquiry has not been so active from Scandinavia as in August, and it is thought that the higher prices asked by the "Sales Control" may be influencing business. Patent oven coke is steady, several cargoes having been sold for prompt shipment, which has improved the position.

SHEFFIELD.—Home demand for industrial coal continues steady, and some improvement is noted in household requirements. The call for small coal is on a bigger scale, and supplies are somewhat restricted. There is a good demand for coke-oven smalls, and there is also an expanding business with electricity generating plants and for brickworks. Furnace qualities of coke are becoming more difficult to obtain, and other qualities are relatively scarce. On the export market there is not much activity.

CARDIFF.—There has been a slightly better demand from South America. The inland trade is beginning to show the usual signs of seasonal expansion, but otherwise the position on the Cardiff coal market is practically unchanged. No intimation has yet been received from France of the normal autumn increase in the import quota; the civil war in Spain has virtually stopped shipments to that country; while the complete breakdown of the commercial negotiations between the Governments of the United Kingdom and Italy seems to preclude any possibility of an early resumption of business with the principal Mediterranean coal importing country. Moreover, it has been announced this week that Canada has agreed to lift the ban on imports of Russian anthracite coals, and to concede to the Soviet Union the right to export to Canada at competitive prices 250,000 tons per annum. This announcement has caused much concern to South Wales anthracite producers and representations are being made on the subject to the Ministry of Mines. During the past few days the Trinidad Cement Works are inquiring for 87,000 tons of small, 5,000 tons of breaker dust, and 2,000 tons of large coals for delivery over 1937, and the Egyptian State Railways for 9,000 metric tons of sized coals. The better classes of smalls are the only grades commanding prices above the minimum schedule, and current output of large coals continues in excess of demand.

Shipments at the South Wales ports last week totalled 352,300 tons, compared with 334,500 tons the previous week, and 340,991 tons in the corresponding week last year. So far this year shipments were nearly 1.9 million tons smaller than during the corresponding period of 1935.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that demand for iron and steel materials continues to expand, one of the features of the market being the pressure exercised by consumers to secure delivery. This applies to all steel materials in most common use and to many special steel products. Consumers find it difficult to place orders for anything approaching near delivery and in many cases works are behind in their deliveries against contracts.

Business in pig iron is limited, mainly by the reluctance of makers to sell far forward, for consumers would be prepared to enter into contracts beyond the first quarter of next year. Fears of a stringency of responsible for the efforts of some users to build up stocks. Export inquiry has been more active lately, but there is little surplus after home demand is satisfied and only small parcels of pig iron have been available.

In the semi-finished steel department current production is passing at once into consumption and consumers find it difficult to cover their full requirements. In this department demand has expanded since the autumn season commenced, and fears are expressed that a shortage may cause difficulties later on.

Business in finished steel continues actively, and practically all works are operating at capacity. Heavy quantities of structural steel are being produced; nevertheless, makers are hard pressed to satisfy demand.

MIDDLESBROUGH.—Demand for all classes of pig iron and steel continues heavy. Semi-finished steel producers are barely able to fulfil the requirements of re-rollers. Specifications for finished steel are coming in freely, and works can scarcely keep pace with demand. Most works are fully booked to the end of the year. Pig iron producers are doing their utmost to keep home consumers supplied with foundry and hematite iron; in the meantime, overseas inquiries are expanding, but makers are not able

to release large quantities for foreign destinations, although a parcel of 1,300 tons of pig iron was shipped to Australia last week. Shipments to Scotland have also recommenced, a cargo of about 630 tons having been sent. Prices remain unchanged.

Imports of foreign ore to the Tees have so far been maintained at approximately the same rate as last month, but there appears to be little new business. Shipments from North Spain, which have been spasmodical, will now probably cease altogether. Good Durham blast furnace coke is in good supply, but is well taken up at 24s. 6d. per ton delivered to the furnaces. Local steel makers are now taking better supplies of heavy melting scrap, and business continues to be done at 57s. 6d. per ton, delivered.

SHEFFIELD.—The iron and steel market continues strong, with every indication that activity will be maintained over the coming months. Pig iron producers are well booked, and notwithstanding the expansion of output, some of them are not willing to add heavily to their commitments. Foundry iron is particularly active, and demand for basic is good. Forge iron is an improving market. Supplies of hematite are not too easily obtainable, and there is little either of East or West Coast material on offer. It is not easy to buy forward to any extent. Demand for finished iron remains at the level of the last few weeks, business in common and market bars being more active than in Crown iron. Quotations throughout the market are firmly held. There is a good demand for basic steel billets and acid qualities are now coming into much better request. Wire rods are steady. Strip continues to be a very strong feature, and stainless steel sheet requirements are increasing week by week. There are no price changes. For heavy basic steel scrap, merchants continue to demand 57s. 6d. per ton, but consumers are disinclined to pay more than about 55s. 6d. Steel works heavy cast iron costs 55s., and foundry cast iron is steadily dealt in at around 67s. 6d. per ton.

GLASGOW.—Demand appears to be expanding continuously, and users keep pressing for deliveries which makers find it quite impossible to give. In many cases producers have already so much work on hand that they cannot accept orders for delivery within the next month or two. Whilst possibly the heaviest demand is for shipbuilding material, large tonnages are being absorbed by practically all users of steel. The improved position in the sheet trade is maintained. A very large number of the mills are operating, and output is passing quickly into consumers' hands. Export business shows some expansion, and the tonnage booked recently for overseas trade is quite considerable. Tube makers are slightly busier than they have been lately. Steel bar re-rollers are working to capacity, and have well-filled order books.

CARDIFF.—It is understood that tinplate works are now working at 65 per cent. of their allotted capacity and that prices are quite firm on a moderately active demand. Operations in the heavier branches of the iron and steel industry are relatively still more active, but there has been no material change in the sheet trade, which continues very restricted for export but fairly good for the inland trade. Prices are unaltered. At Swansea last week shipments of tinplates totalled 61,116 boxes, compared with 97,979 boxes the previous week and 92,256 boxes in the corresponding week last year, but stocks have been slightly reduced, apparently because of heavier inland deliveries.

OTHER METALS

COPPER.—Despite last week's quota decision, copper prices continued firm, and on Monday last the standard cash quotation reached £39 3s. 9d. per ton—the highest since 1932. Subsequently, however, a profit-taking reaction occurred, but prices closed on Wednesday showing a rise of 10s. on the week. The undertone continues strong and, although producers have shown that they are anxious to prevent a too-rapid price advance, it would not be surprising if quotations reached the £40 mark in the fairly near future.

Meanwhile, unofficial statistics for August make a favourable showing. World stocks fell from 432,322 to 405,576 short tons during the month, while world consumption rose from 146,042 to 155,376 short tons, thus reaching a new peak for the current year. World production in August totalled 130,813 short tons, or 8,335 short tons more than in the previous month, less than one-half of the increase being due to the higher quota of the restricting companies. The decline in stocks, although impressive, was mainly due to transfer from the visible stocks of producers to the invisible stocks of consumers. The importance of the decline as a bull point for the market must not be exaggerated.

Sales on the London Metal Exchange: 400 tons on Monday, against 1,800 tons last week; 1,700 tons on Tuesday, against 1,900 tons last week; 1,050 tons on Wednesday, against 2,200 tons last week. Domestic spot was quoted at 9-67½ cents per lb. in New York on Wednesday, against 9-55 cents a week ago and 9-35 cents a month ago. Wednesday's official closing price for standard cash in London was £38 18s. 9d. to £39, compared

UNITED STATES

(New York quotations unless otherwise stated)					Aug. 21, 1935	July 22, 1936	Aug. 12, 1936	Aug. 19, 1936
	Aug. 21, 1935	July 22, 1936	Aug. 12, 1936	Aug. 19, 1936	Cents	Cents	Cents	Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	89½(c)	104½(b)	110½(c)	114½(c)	11-65	13-14	12-60	12-13
Maize, nearest future, Chicago, per bushel	74½(c)	94½(b)	106½(c)	116½(c)	11½	16½	16½	16½
Oats, nearest future, Chicago, per bushel	27½(c)	38½(b)	42½(c)	44½(c)	94	104	104	104
Rye, nearest future, Chicago, per bushel	43½(c)	72(b)	79½(c)	84½(c)	7-97½	9-22½	9-40	9-35
Barley, nearest future, Chicago, per bushel	(a)	63(b)	82½(c)	83(c)	8-20	9-45	9-62½	9-57½
Coffee, Rio No. 7, cash, per lb.	8½	7½	8	8	4-60	4-80	4-80	4-80
" Santos No. 4, cash, per lb.	8½	9½	9½	9½	4-30	4-60	4-60	4-60
Cocoa, Accra, nearest future, per lb.	4-68	6-15	6-24	6-25	51-00	44-00	41-37½	42-50
" (a) Nominal.								
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.								
Cotton, middling, spot, per lb.								
Rubber, smoked sheet, spot, per lb.								
Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel								
Copper, "Electrolytic," Domestic, spot, per lb.								
Copper, "Electrolytic," Export, prompt, per lb.								
Spelter, East St. Louis, spot, per lb.								
Lead, spot, per lb.								
Tin, "Straits," spot, per lb.								
(c) September futures.								

Bank of New Zealand

Incorporated with Limited Liability in New Zealand by Act of the General Assembly, 29th July, 1861.

REPORT OF THE DIRECTORS

Presented at the Ordinary General Meeting of the Proprietors, held at the Head Office of the Bank, Lambton Quay, Wellington, on FRIDAY, 12th June, 1936.

The Directors submit herewith the Balance-sheet and Profit and Loss Statement of the Bank for the year ended 31st March last.

The profits, after providing for expenses of management, and for all doubtful and doubtful debts, and other contingencies, and after making provision for the annual donation to the Provident Fund, are £565,181 9

To which has to be added: Balance brought forward from last year 348,137 13 0

913,319 2 9

From which has been paid: Dividend on Preference A Shares £50,000 0 0

Interim Dividend on C Long-Term Mortgage Shares 7,031 5 0

Interim Dividend on D Long-Term Mortgage Shares 17,578 2 6

Interim Dividend on Preference B Shares 31,250 0 0

Interim Dividend on Ordinary Shares 187,500 0 0

293,359 7 6

Leaving available for distribution 619,959 15 3

This the Directors propose should be disposed of as follows:—

Dividend on C Long-Term Mortgage Shares at 8 per cent. per annum	£7,031	5	0
Dividend on D Long-Term Mortgage Shares at 7½ per cent. per annum	17,578	2	6
Dividend on Preference B Shares (making £100,000 for the year)	68,750	0	0
Dividend at rate of 5 per cent. on Ordinary Shares (making £375,000 for the year, equal to 10 per cent.)	187,500	0	0
Leaving Balance to be carried forward	399,100	7	9
	£619,959	15	3

Such dividends to be paid in New Zealand Currency.

During the year the Agency at Wellsford has been made a Branch, and Agency has been opened at Edgecumbe, Hari Hari and Papatōtōe. Onakune Branch has been converted into an Agency, and Levuka (Fiji) Branch has been closed.

GEORGE ELLIOT, Chairman.

BALANCE SHEET AT 31ST MARCH, 1936.

LIABILITIES.				ASSETS.			
£	s.	d.	£	s.	d.	£	s.
CAPITAL—				Coin, Reserve Bank Notes, and Deposits with			
Preference A fully-paid (£1 Shares issued to the New Zealand Government)	500,000	0	0	Bankers	6,913,141	0	11
C Long-Term Mortgage fully-paid (£1 Shares issued to the New Zealand Government)	234,375	0	0	Government Notes—Commonwealth, Fijian, and Samoan Administration	108,954	15	0
D Long-Term Mortgage fully-paid (£1 Shares issued to the New Zealand Government)	468,750	0	0	Balances Due by other Banks	54,558	9	1
Preference B fully-paid (£1 Shares issued to the New Zealand Government)	1,375,000	0	0	Money at Call and Short Notice, Government Securities and other Securities in London	8,172,420	0	8
Ordinary fully-paid (£1 Shares)	3,750,000	0	0	Bills Receivable in London and in transit	2,274,871	7	4
	6,328,125	0	0	New Zealand Government Securities	3,397,057	19	6
Reserve Fund	3,575,000	0	0	Australian Government Securities	4,587,813	7	0
Long-Term Mortgage Debenture Stock	807,050	0	0	Municipal and other Local Bodies' Securities	318,345	16	1
Notes in Circulation	324,452	5	0	Remittances in transit between Branches	1,784,411	1	4
Deposits	35,740,430	5	4		27,611,878	16	11
Balance Due to Other Banks	73,034	1	7		495,997	4	5
Bills Payable and other Liabilities (including provision for contingencies)	3,759,174	11	6	Other Advances and Securities and Debts due to the Bank, after deducting provision for Bad and Doubtful Debts	21,683,676	2	6
Reserve for Taxes	426,000	0	0	Landed Property, Premises, etc.	673,143	2	5
London Office Acceptances under Credits	37,016	2	6	Liabilities of Customers for Acceptances, per contra	37,016	2	6
Transfers from Long-Term Mortgage Department	321,039	7	0	Long-Term Mortgage Department	1,310,175	0	0
Balance of Profit and Loss	619,959	15	3				
	£51,811,281	8	9		£51,811,281	8	9

LONG-TERM MORTGAGE DEPARTMENT.

LONG-TERM MORTGAGE FUND—				Loans			
£	s.	d.	£	s.	d.	£	s.
Capital	708,125	0	0	Transfers to Bank	989,135	12	5
Debenture Stock	607,050	0	0		321,039	7	7
	£1,310,175	0	0		£1,310,175	0	0

PROFIT AND LOSS.

Dividend on C Long-Term Mortgage Shares				Balance at 31st March, 1935			
£	s.	d.	£	s.	d.	£	s.
7,031	5	0	628,997	0	6		
Dividend on D Long-Term Mortgage Shares	17,578	2	6				
Dividend on Preference B Shares	68,750	0	0				
Dividend on Ordinary Share Capital	187,500	0	0				
	280,859	7	6				
Balance carried down	348,137	13	0				
	£628,997	0	6				
Dividend paid 7th December, 1935:—				Balance brought down			
Dividend on Preference A Shares	50,000	0	0	PROFITS for year ended 31st March, 1936, including recoveries, and after payment of and provision for all interest due and accrued on deposits, provision for bad and doubtful debts, depreciation of furniture, and for the Annual Donation to the Provident Fund are	1,508,982	9	7
Interim Dividend on C Long-Term Mortgage Shares	7,031	5	0				
Interim Dividend on D Long-Term Mortgage Shares	17,578	2	6	Less—Salaries and Allowances at Head Office and 225 Branches and Agencies	526,181	12	11
Interim Dividend on Preference B Shares	31,250	0	0	Directors' remuneration, including London Board and Local Directors in Australia	10,049	0	2
Interim Dividend on Ordinary Shares	187,500	0	0	General expenses, including rent, stationery, telegrams, postages, travelling, repairs to premises, etc.	113,247	15	4
	293,359	7	6	Audit Expenses Account	3,130	0	0
Balance, being Profit for the year	565,181	9	9	Rates and Taxes	291,182	11	5
To which has to be added: Amount brought forward from last year	348,137	13	0		943,800	19	10
	£913,319	2	9		565,181	9	9
Less Dividend paid, as above	293,359	7	6		£913,319	2	9
	619,959	15	3				

RESERVE FUND.

Balance				Balance per last Statement			
£	s.	d.	£	s.	d.	£	s.
3,575,000	0	0	3,575,000	0	0		
			£3,575,000	0	0		

A. HEMPTON, Chief Auditor.

F. W. DAWSON, General Manager.
LONDON OFFICE: 1 Queen Victoria Street, E.C.4.

A. W. HALL, Accountant.

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(With this Issue appears our Monthly Trade Supplement)

WHERE DOES BRITAIN STAND?

FROM the European arena this week comes renewed uproar. The armaments race has acquired fresh impetus, and has advanced a stage nearer its goal. Within the last few days, Herr Hitler's adhesion to the French plan for isolation of the Spanish conflict has been coupled with a new decree which almost doubles the effectiveness of the German army. This move is avowedly directed against Russia, and simultaneously it is announced in Berlin that, as in Italy, women and children are to be enrolled for "national defence." It is reported, with every sign of accuracy, that warlike supplies for the Spanish rebels on the Portuguese frontiers are being sent through Lisbon and the hinterland. Public opinion in France demands cessation of foreign supplies to the Spanish rebels at the same time as it calls for increased military dispositions in reply to the German Army Decree. After a State trial in Moscow, sixteen Communist leaders who shared the Left-wing views of Trotsky and opposed Stalin's policy of co-operation with "capitalist Powers," are officially exterminated. Signor Mussolini declares that the historic island of Elba is to become a Mediterranean Heligoland, fortified with heavy guns and air bases. Meanwhile, His Majesty's Government in this country, having commendably concluded a far-reaching Treaty of Amity with Egypt, have deemed the situation at the Spanish entrance to the Mediterranean important enough to warrant a meeting of the Cabinet Committee on Foreign Affairs—the first since Parliament adjourned before the outbreak of the revolt in Spain—from which, however, the Prime Minister has been absent.

In the European vortex, one movement can be clearly discerned. The Fascist Powers are advancing in the foreign field, and the two remaining democratic Great Powers of Europe—Britain and France—are so passive as to give the impression that they are in retreat. In France, a strong Government of the Popular Front, and in this country a strong "National" Government—have alike preferred to wash their hands of a friendly government in Spain—a country whose territories and foreign policy might, in the hands of rebels grateful to the twin Fascist dictatorships of Europe, render British Imperial communications

and French security a matter of Fascist benevolence. And this situation comes hard on the heels of an agreement between the two European Fascist dictators over the future of Austria, the Central European bastion for whose integrity it was recently thought that the Italian dictator would oppose his German *confrère*.

What is afoot in Europe? What miracle have Herr Hitler and Signor Mussolini wrought to secure their present initiative in European affairs? And what paralysis is it that has overtaken the great democracies of Britain and France? It is credibly reported that when, last autumn, it seemed that Britain's stout championship of the League Covenant might have forced the Duce to abandon his aggression in Ethiopia, a deputation of Italian admirals waited upon the dictator. Their submission was: "If it is your policy to proceed with an action which will precipitate war with Britain, you may be right; and, anyway, we will follow you. But we think we ought to tell you, before you irrevocably commit yourself, that if it comes to that, Italy will find herself without a fleet in 48 hours. We shall simply be blown out of the water." The Fascist dictator is reported to have replied: "Thank you, my children. And now go back to your ships and make your minds easy. I can positively assure you that the British are never going to fight, whatever I choose to do. These British are so cluttered up with their great possessions, so terrified that something will crack if they make the slightest move, that they have completely immobilised themselves. We can count them out."

Signor Mussolini was right. The secret which he knew then is now shared by Herr Hitler. At present, these two dictators, with all the civil and military forces of their totalitarian States behind them, are making the running in Europe. The policy which has given them their initiative has been that of Danton: "De l'audace; de l'audace; toujours de l'audace!" The dictators have nicely calculated the little more which they might dare to seize with impunity on each fresh occasion for their audacity. It is not their fault if their bluffs have not been called. They were not mere foolhardy gamblers. They

have shown more than a spark of genuine courage in putting their policies and their decisions to the test. It is this desperate courage in them, and its absence in the leaders of the democratic countries, which account for the ascendancy of Fascism in the European arena and the decline of democracy.

What, then, has happened to that John-Bullish quality of determination which has so often in our own history issued forth in dogged courage—and sometimes in sheer wilfulness, unlovely egotism, or even brutality? To-day we are compelled to witness the display of a spirit which accords strangely with British history and traditions. Last century, the world was pacifically conquered by British trade and British institutions. This country drew the civilised world along its own path; and most countries came to believe that our path was the right one for economic and cultural development. Then, we believed it ourselves, with courage and determination. To-day, Britain retreats from world markets; and her ideas and institutions are steadily yielding ground to political systems in which her cherished conception of individual liberty has no part.

Do we still believe in our message? Or are we like the Chinese mandarins were a century ago before their Empire foundered? Is the formula underlying our present foreign policy to be: "No action, and certainly no risks, until British territory is touched." That is the kind of formula by which great political inheritances are lost. Why, if it be so, should any Power touch British territory at Aden or Gibraltar, when the Red Sea straits can be commanded from Ethiopia, or the strait of Gibraltar from concessions in so-called "Spanish Morocco"?

The sands are running out, but there is still time for real and effective leadership in this country. We believe that the people will follow where real leaders inspire and direct them. But for that it is necessary to speak firmly and with confidence. In the present situation of Europe—a situation as gravely decisive as that of 1914—what Europe and Britain alike lack is a clear lead from the British Government. For the second time in a generation the lamps, one by one, are being extinguished. The European Powers have only one policy in common: to arm as heavily and as fast as they can. And that is not policy, but panic. It will hasten, and not prevent, the end which armaments serve. In our opinion, the situation in Europe is now grave enough to warrant consultations between representatives of all Parties in Great Britain. It is the future which matters to this country.

DEATH ON THE ROADS

SLOWLY the British public is awakening to the appalling dimensions of the daily toll of the roads. If 17 people were to be killed in a railway accident or a flying crash, there would be headlines in the newspapers and an official inquiry into causes and means of prevention. But more than 17 persons are killed, on the average, on the roads of Great Britain every day of the year. The present Minister of Transport has done a great deal in creating headlines for this daily accident roll. And the annual "Report on Fatal Accidents," which has just appeared, serves the purpose of an official inquiry, for it lists, in greater detail than ever before, the nature and causes of the formidable total of accidents.

It is as well, perhaps, to express a caution about the possibility of treating a subject such as fatal road accidents in a statistical manner. However numerous the subdivisions of descriptions, it cannot be expected that any category will be wholly uniform. For example, 150 pedestrians are listed as having been killed while "walking in carriageway, not crossing, apparently inattentive to traffic." These 150 could include children playing "tag" in the street, hikers peacefully making their way down a Devon lane and philosophers contemplating the universe in the middle of a bypass. Moreover, the ascription of any particular accident to a category is largely a matter for the judgment of the police officer making the report. Thus all motorists will be astonished to learn that in only three accidents out

of 6,289 was the absence of a red light or reflector on a pedal cycle deemed to be the "sole or main" cause of the accident.

These cautions should be borne in mind. But the statistics nevertheless contain a variety of most interesting and instructive lessons. One of the most interesting is contained in the very first table in the report, which lists the total number of fatal accidents in each of the last six years. In spite of the very rapid increase in the volume of traffic, there were fewer fatal accidents in 1935 than in any other of the six years. We may not be winning the battle, but we are at least holding the enemy at bay.

Two other preliminary points are almost platitudinous. Only 9.7 per cent. of all accidents were unconnected with mechanically-propelled vehicles. And 89.1 per cent. of all accidents were caused by the collision of a moving vehicle with another vehicle, a pedestrian or an animal. The great majority of accidents, in other words, are connected with (not necessarily caused by) motor vehicles colliding with something. Subdividing further, much the largest category (47.2 per cent. of all accidents) consists of collisions between vehicles and pedestrians. The second largest consists of "side-on or lateral" collisions between two vehicles. No other category is large enough to be worthy of extended discussion.

The next question to ask obviously is "In what conditions does a vehicle collide with another vehicle or with a pedestrian, and who is to blame?" This question the Report endeavours to answer with a bewildering wealth of detail. So far as the time of day is concerned, it shows that the worst hour on week days is between 5 and 6 p.m., but on Saturdays, Sundays and Bank Holidays it is between 10 and 11 p.m. There are secondary peaks between 7 and 9 a.m. and between 12 noon and 1 p.m. As for days, Saturday is the worst, with an average of 25 deaths, and Sunday the best, with an average of 13.9. Bank Holidays, with 20 deaths, come midway between Saturday and Sunday. Accidents are less frequent in summer than in winter. This fact, together with the peak between 10 and 11 p.m., suggests that accidents are much more likely after dark. This conclusion is not disturbed by the fact that 58 per cent. of accidents occur in daylight, for there are several more daylight hours than dark hours of heavy traffic.

Several interesting facts emerge from the analysis of persons killed. Pedestrians are almost half the total, the next largest categories being pedal cyclists and motor cyclists. These three, together with pillion riders, make up no less than 88 per cent. of all persons killed. The drivers of, and passengers in, motor cars account for only 10.5 per cent. of all deaths. Moreover, while the proportion of pedestrians to the total is falling, that of pedal cyclists is increasing. This is confirmed by an analysis of the types of vehicles involved in accidents, which shows pedal cycles as the only type registering a substantial increase in its proportion to the total.

Another possible line of inquiry relates to the personal condition of the persons involved in accidents. Among the drivers of vehicles (including pedal cyclists), some are listed as having been ill, fatigued, drunk or drugged, asleep, deaf, semi-blind or maimed, but over 98½ per cent. of them were suffering from no known physical defect and apparently in a normal condition. Among pedestrians, however, distinctions can be drawn. Some 75 per cent. of them were under 18 or over 60. Relatively to population, the incidence of accidents is more than two and a half times as great among children, and eight times as great among elderly persons, as among those between 18 and 60. Among children, the worst age group is between 5 and 7, and in all age groups except those between 18 and 20 the number of deaths among males exceeds that among females. Of pedal cyclists killed, 28.5 per cent. were under the age of 18.

The Ministry has attempted to assign to each accident a "sole or main cause." This is, of course, a hazardous business, but if the qualifications of the figures can be taken for granted, they give some valuable results. Of a total of 6,289 accidents, 1,996 are blamed on drivers of motor vehicles, 1,038 on pedal cyclists and 2,562 on pedestrians. Among motorists, much the most frequent fault is alleged to be excessive speed, with improper overtaking ("cutting-in") and "apparent inattention"

coming next. Cyclists commit suicide most frequently by "emerging or turning from one road into another road without due care" and by "losing control." Pedestrians are killed most frequently by carelessly crossing the road or by walking out from behind a stationary vehicle. Another interesting series of figures shows that 72.9 per cent. of all drivers and 83.4 per cent. of all motor cyclists killed lose their lives in accidents for which drivers of motor vehicles are "solely or mainly" responsible. Similarly, 71.9 per cent. of pedal cyclists and 82.9 per cent. of pedestrians have only themselves to blame. These figures would appear to lead to the slightly consoling conclusion that it is the person responsible for the accident who, in most cases, pays the penalty. "It must, however, be remembered," the Report drily observes, "that in the great majority of these cases the evidence of the party on whom responsibility is laid was not obtainable." *De mortuis nil nisi culpa!*

Does any firm conclusion emerge from this bewildering mass of facts? It may be suggested that one lesson may clearly be learned—namely, that the great majority of accidents arise out of the meeting of different kinds of traffic. Motorists, broadly speaking, do not slay motorists, nor cyclists cyclists. So long as the pedestrian stays on the footpath he risks neither his own life nor that of any passing driver. It is when cars get mixed up with cycles, or when pedestrians cross the carriageway, that accidents occur. The same fact is shown by the variation of accidents from day to day or from hour to hour. Sunday is the least fatal day. Saturday, and the hour between 5 and 6 p.m. on week-days, are dangerous because private and commercial traffic are then intermingled.

If this conclusion is correct, the remedy lies in the segregation of different varieties of traffic. If pedestrians and pedal cyclists could be kept apart from motor traffic, more than two-thirds of all the fatal accidents would be avoided. Complete segregation, however, is an impossible ideal. Even if every road had a footpath, pedestrians must sometimes be allowed to cross the carriageway, and there is no room for separate cycle tracks on every road and street. But segregation to the greatest possible extent seems to offer a much greater prospect of reducing the number of deaths than any regulation of speed (excessive speed was the "sole or main cause" of only 527 accidents out of 6,289) or even reconstruction of roads.

Pedestrians have no marked preference for walking in the road. But pedal cyclists exhibit a very peculiar resentment at any attempts to provide separate tracks for them. Attempted suicide being a punishable offence under the laws of England, there seems to be no reason for humouring, and every reason for opposing, this strange whim. As a correspondent to *The Times* recently expressed it, "a grievance is better than a grave." We hope that the Minister of Transport will pay to grievances no more than the minimum attention which any politician must accord, but will press on with all possible speed with his policy of building modern roads with separate tracks for different classes of vehicles.

TELEVISION

(BY A CORRESPONDENT)

THE first organised television programme in Great Britain was transmitted last Wednesday from the British Broadcasting Corporation's station at Alexandra Palace in North London, and received by an expectant and somewhat generously enthusiastic audience at the Radio Exhibition some few miles away at Olympia in West London. What are the technical features and the financial prospects of this new form of public entertainment which, after much experimental work and a full-dress official inquiry, has thus made its public debut?

To a generation accustomed to the marvels of electrical communication the development of television has often appeared to be unduly retarded. But the technician, with his special knowledge, has always insisted on the inherent difficulties of the subject, and warned us that progress would be slow. Basic problems arise in connection with

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the transmission and reception of the mosaic of changing detail which makes up an acceptable representation of a moving picture. Pictorial representation may be regarded as essentially granular in structure; and, in order to transmit images by wire or by radio, separate signals indicating the relative brilliance of each elementary area must be conveyed to the receiving point, at which, by an electrical translation, a corresponding brilliancy is given to the correlated spot on the observation screen.

But the mere complexity of the signals does not constitute the whole of the difficulty of television. In addition the component signals must be transmitted in an ordered sequence. At the transmitting station the "electric eye" runs over the object to be televised in a way closely resembling the action of the human eye in reading a column of print, left to right, and line by line. At the receiving end, the illuminating spot must travel over the observational screen in an exactly synchronous manner. Moreover, since in television the pictures are moving, the whole image must be reproduced many times per second in order that the observer, by persistence of vision, experiences the illusion of continuous motion although he is really witnessing a rapid succession of snap-photographs.

Much of the controversy which has raged round the subject of television has been concerned with the question of definition and flicker in the received images. The technical problems are obviously much reduced if the number of picture-elements in the image is small and only a relatively few photographs are transmitted in a second. As far back as the autumn of 1929 the B.B.C. gave the Baird Company facilities for the experimental transmission of low-definition pictures (2,100 picture-points repeated 12½ times per second). But the public response to this feature was well-nigh negligible; for the received pictures had no value as entertainment. The result was that the Selsdon Television Committee, the recommendations of which were accepted early last year by the Postmaster-General, gave no encouragement to the continuation of such a service, and it was ultimately dropped.

It was the considered opinion of the Committee that, for a satisfactory picture, there should be details of the order of 6,000 picture-points with a minimum picture frequency of 25 per second. It was further pointed out that, for the reception of such high-definition pictures, the cathode-ray tube was usually employed, in which the pictorial delineation at the receiver was brought about by the rapid transit of a pencil of electrons over a fluorescent screen. For the transmission of such complicated signals it was realised that the ultra-short waves constituted the only available and satisfactory medium. But since, with such wavelengths, the range of a sending station is practically limited to the horizon as seen from the transmitting aerial, a number of such stations would be necessary to serve the whole country. The two systems of television developed by Baird Television, Ltd., and by Marconi-E.M.I. Television Company, Ltd., were regarded by the Committee as being sufficiently advanced to warrant their incorporation in a London station, to operate alternately under the

B.B.C. as a public service. The Technical Advisory Committee ultimately chose Alexandra Palace as the site for this station, and the visitor to Olympia this week has been able to see for himself the results of the first series of transmissions from this station.

It is quite clear from the latter part of the Report of the Selsdon Committee that its members envisaged that television would be likely ultimately to develop into an art with which would be associated an industry comparable with that which at present caters for the ordinary listener. It was, for example, suggested that there might possibly be a television patent pool, comparable with that already in existence in connection with the grouping of radio manufacturers. But so far no general move in this direction has been made. Instead there appears to be very keen rivalry between the two companies, Baird and Marconi-E.M.I., who were chosen for representation in the initial service. Not until an extended trial has been made in the matter of reception in different parts of London will it be possible to say which of the two systems gives the better results. At the moment there appears little to choose between them. The Baird system of "spot-light" scanning provides a most acceptable representation of a "close-up," but for outside "shots" the use of an intermediate film, causing a delay of 30 seconds before the picture signal is radiated, is used. The Marconi-E.M.I. system has, as its central feature, the use of the Emitron camera, which lends itself admirably to extended indoor and outdoor scenes. The pictures sent out by the two systems differ in respect of numbers of lines and picture-frequency, the Marconi-E.M.I. picture being claimed to be completely free from flicker.

Leaving the more technical aspects, we may note that, while the B.B.C. has purchased the London station equipment from the two companies concerned, and will doubtless purchase more from them (and possibly others) for the provincial stations, the bulk of the future profits in television may be expected to accrue in other ways. But it is difficult to see considerable scope for immediate large-scale turnover. The sets on view and on sale at Olympia cost about £100, so that it is clear that sales will be limited. "Servicing" is likely to be expensive with such relatively complicated apparatus.

At the first announcement of the Television Committee's proposals for the inauguration of a television service the sales of ordinary receivers dropped sharply. This was due to a misconception on the part of the public about the nature of the situation. It was not for some time that people realised that the B.B.C. sound and vision services would be conducted in parallel, and that to obtain both two types of equipment would be necessary. Recognition of that fact, however, has now become more general.

One further aspect of the television situation calls for notice, namely the possibility of large-screen demonstrations suitable for use in cinemas. The time may not be far distant when each cinema will include in its news reel the instantaneous presentation of certain special events while they are happening some distance away. In this connection the two companies mentioned above may find a serious competitor in Scopphony, Ltd., who, developing optico-mechanical methods, have paid special attention to large-scale projection. The Scopphony system has been reported on favourably by two well-known scientists. But here again the very problematical nature of the immediate future of television prompts caution. It is clear, in short, that though the ultimate possibilities of the development of television are impressive, it is most difficult, at the moment, to make any confident estimate of its financial prospects.

STATE CONTROL IN FRANCE

(BY A CORRESPONDENT)

THE sweeping democratic victory in the French General Election last spring has speedily led to an apotheosis of the State, in the economic as in the social sphere. When the French Chamber rose for the summer recess the Prime Minister, M. Léon Blum, was able to point to an extraordinary harvest of legislation in a short first session. In particular, the economic measures passed by the Chamber

have been designed to extend very widely the grip of the State on French industry, and at the same time to place upon the State and industry joint responsibility for the well-being of broad sections of the community.

This intervention by the State in important industries, however, is by no means an innovation in post-war French economic policy. It was largely owing to M. Poincaré's initiative that the State assumed for itself a certain control over such important branches of French industry as the potash, fertiliser and petroleum industries, in which it directly controls a large proportion of the total output. But M. Poincaré's reasons for State intervention in industry differed fundamentally from those of the Popular Front regime. He and his successors were dominated primarily by military considerations, particularly by the desire to assure to France adequate supplies of vital raw materials—potash, nitrates and petroleum—through State control of those industries. This period of "active" participation was followed, during the depression, by a more "passive" one, mainly associated with the name of M. Tardieu. During that period credits were placed at the disposal of the depressed industries from an apparently inexhaustible reservoir of Budget deficits, in order to prevent the collapse of certain big industrial concerns. By the middle of 1932 the State had lent more than 3,000 million francs to certain banks, shipping companies and to film concerns. To safeguard its interests, the State had gradually to take part in the running of these great concerns, but its participation was, nevertheless, involuntary. Its aim was to hand back control to private enterprise as soon as possible.

The economic legislation of the Popular Front Government, by contrast, is based on the contention that the State is in a better position than private individuals to run industrial concerns of nation-wide extent and to safeguard the interests of the majority of the community. For the leaders of the French Government the new economic laws are not emergency measures but the beginnings of a complete reform of the country's economic organisation. It is for this reason that the Senate, the guardian of the country's Conservative traditions, has been much more strenuously opposed to the Government's purely economic measures than to its equally "revolutionary" social measures.

The first and easiest step in the extension of the policy of State intervention was the nationalisation of the armaments industry, which could be justified on military as well as moral grounds. It could not, however, be immediately realised, because of the tightness of the Treasury's financial situation. The State could only expropriate armaments manufacturers by fair compensation; and considerable sums, estimated from 1,000 to 1,500 million francs, would be required to nationalise the industry. The Government, therefore, needs time to carry out this part of its plan. Closely connected with Government control of the armaments industry was the compulsory cartelisation of the aircraft industry, which M. Pierre Cot, the Air Minister, had already introduced during his former period of office.

The proposal to assume State control over coal-mining is doubtless partly due to depression in that industry. Some 65 per cent. of its costs of production are labour costs, and it has been particularly hard hit by their steep rise as a result of the recent social legislation. The main objective of the Government is to keep the price of coal low; for coal is both an important raw material of industry and an indispensable item in the budget of the mass of the people. Compulsory amalgamation of coal-mining companies has now been enacted, and the State has a determining voice in the fixing of prices. This assumption of power has already exercised a practical effect. As a result of the increase of labour costs following the new social legislation, the coal companies demanded a rise of 20 francs per ton in prices; but the Government only sanctioned an increase of 9 francs. In compensation for the consequent contraction of profits on coal output, the Government agreed to a considerable reduction in import quotas; and the new Coal Mines Bill envisages State subsidies to the central coal-selling organisation. In the new Bill the State attempts to equalise the rate of profit in the different mines; thus, in future, it will have increasingly to intervene in the financial affairs of the mining companies.

The present extent of State intervention in the national

economy of France is most clearly visible in the reorganisation of agriculture through the creation of the new Wheat Board. This organisation, with the co-operation of the agricultural co-operative societies, will buy up the greater part of the country's production of wheat and gradually dispose of it. It will control imports and exports. A uniform price throughout the country is to be fixed by the governing body at the beginning of the selling season. This system is being financed by advances from the Bank of France, which this year will amount to 3,500 to 4,000 million francs. The Senate's bitter criticism of the Bill—which went seven times to and fro between Chamber and Senate—was mainly directed against two features: the abolition of private trading in wheat and the method of fixing prices. According to the original draft of the Bill, the governing body of the Board (half of whom were producers and half representatives of consumers, millers, etc.) was to fix prices only by unanimous vote. Failing a unanimous decision, prices were to be determined by the Minister of Agriculture. In most cases, application of this rule would in practice have led to State determination of prices. The Senate has succeeded in curtailing the power of the State by the introduction of a clause in the Bill which permits of majority decisions. The Senate has also reintroduced private trading in wheat for the marketing of the harvest. M. Monnet, Minister for Agriculture, has announced that if this experiment succeeds similar organisations will be applied to other agricultural products. The State has already taken control of the production of wine in the recently promulgated Wine Act.

When the Chamber meets after the recess it will find waiting for it a number of Bills envisaging further extension of State control in industry. A Member's Bill, introduced by M. Candace and approved by the Government, demands the establishment of a central authority for the entire French mercantile marine. The French film industry is also, according to plans put forward by the National Economic Council, to be reorganised by compulsory cartelisation. Reform of the Banque de France has already been carried through; but, judging by the new Governor's address at the first meeting of the new General Council last week, M. Labeyrie is still likely to act as a brake on the Government's credit policy. Other forces are at work, however, to turn reform of the Banque into reform of French credit policy as a whole. These plans are mostly being advanced by young Socialist intellectuals, who have grouped themselves round the leader of the factory workers (Confédération Générale du Travail), M. Léon Jouhaux. The latter is not only a member of the Bank's Regency Council, but also of the Committee of Four which, with the Governor, is to determine matters of day-to-day credit and currency policy. This group views the seizure of the Banque de France by the Popular Front as the starting-point in the systematic reform of the French economic system. Nationalisation of the whole banking system will follow the State's reform of the Banque, and this in turn will involve central control of French economic policy by the new State-directed institution.

Any attempt to put these Socialist theories into practice would quickly bring their protagonists into conflict with the more Conservative elements, particularly the Radicals, in the Popular Front. They differ, however, from those of the Socialist leaders now in power on points of method rather than of ultimate aim. What is common to both is the desire to mould the French economic and social system, by a bloodless and evolutionary process, into a new form in which private initiative and profit are to give place to an economy centrally planned in the interests of the community. So far, only the first legislative stages have been achieved; and already significant economic repercussions have appeared by way of a sharp rise in the level of costs and an accentuation of the over-valuation of the franc. The coming autumn will pose the decisive question: Social reform with devaluation, or exchange controls? Further deflation is unthinkable. A regime of exchange controls in France might hinder rather than promote the Popular Front's aims. Whether M. Blum and his associates will be able, politically, to accomplish the whole process of centralised economic organisation and social reform is the question which every day becomes more crucial.

THE RETURN OF THE VANDALS

FOR 2,500 years now, Spain has been an arena in which influences and forces from Europe and North Africa have alternately swept over the country—now from this direction, now from that. And all the time, since Carthaginian and Sidonian merchant-navigators slipped across from Africa to colonise the fertile Spanish coastlands on the Mediterranean, the people of the Spanish interior have been engaged in more or less active resistance to these various intruders.

Their incursions, however, have had a more than local influence on the course of history; for the intruders, like the Carthaginians who founded Cartagena (Carthago Nova), have often used their Spanish strongholds as the base for further and often far-reaching military enterprises—as Hannibal and Hasdrubal did when they marched from Spain across into Italy in order to prevent Rome from assuming the hegemony of the Mediterranean. The European power, after years of war, ultimately annihilated the North African power, and Rome assumed her sway for a period of 700 years over the Iberian peninsula, though she, like all other conquerors of Spain, found the greatest difficulty in reducing the country to the well-ordered level of centralised administration which Gaul had accepted.

At a later date a great movement started from a different quarter. In the year 406 A.D., when Italy and the Western Roman Empire itself was hard pressed by Alaric and his Visigoths, the provincial legions were recalled from Gaul, Britain and Spain for the defence of Rome. As soon as the legions quitted the Rhine frontier, a wave of German tribes, themselves urged from the rear by Huns from the Asiatic steppes, poured over the river into Gaul. Among them came the Alans and the Vandals. The latter were an East German tribe which had already split into two sections—Asdings and Silings. The Vandal hosts, pillaging churches and villas as they went, blazed a trail of devastation across Gaul—*uno fumavit Gallia tota rogo*, says the ecclesiastical chronicler—and they repeated their dreadful progress (which has given their name its present evil meaning) in Spain. Rome asked the Visigoths to attack the "barbarians" in Spain; the Siling Vandals were annihilated; and Rome then withdrew the Visigoths and settled them in Southern France. The Alans and Asding Vandals in Spain closed their ranks; but they were defeated by the Sueves whom Rome had next incited against them, and retired to the south. There they rallied and captured the ports of Seville and Cartagena, thus beginning the assumption of sea-power which was to blockade Rome and all Italy. Under the brilliant Vandal King Gaiseric, they crossed the Straits in 429 and became Roman federates in the luxurious North African province and granary of Rome. In 433 they captured Carthage; and in 442 the almost effete Roman power was forced to recognise Gaiseric as independent king of North Africa—a recognition not even then accorded to the Visigothic and Burgundian "kings" who had seized most of Gaul and Spain. In this way the Vandals cut off maritime communications between Rome, the Eastern Empire at Constantinople, Spain, and Egypt. By so doing, they were the first enemies of Rome since the age of Hannibal to challenge successfully that precious possession of Rome: command of the great Mediterranean highway.

Three centuries later the Arabs, recruiting Moors en route, swept from Egypt and the East over North Africa and into Spain; and the Vandals, always a small tribe, who had been reduced by wars, and had mingled their blood with Romans in North Africa, mingled it again with the soldiers of the Prophet when they embraced Islam rather than perish.

Meanwhile, between the collapse of the Western Empire in the first half of the fifth century and the invasion of Spain by the Saracens in the year 711, Spain fell into the hands of the Visigoths. Gradually the first traces of feudalism—urged by the need of purely local jurisdictions—caused the local Visigothic leaders to style themselves "kings," the equivalents of the Merovingian and Carolingian barons. This early Spanish feudal separatism proved fatal against the Saracens, who swept over one region after another, defeated the Visigothic King himself, poured across the Pyrenees into France, and threatened

to change the course of history by bringing the whole of Europe under the banner of Islam. But the tide was turned back at Poitiers in the year 732, where Charlemagne's famous grandfather, Charles Martel, the great *major domo* of the last puny Merovingian monarchs—"the hammer of the Turks"—routed them in one of the fifteen decisive battles of the world.

Thereafter, Spain fell under the sway of the Caliph of Damascus; Moorish art, mathematics and science progressed much more rapidly than their stagnant Christian counterparts, under the dead hand of the Church; and for five centuries, only the little kingdoms of Leon and Aragon, immediately south of the Pyrenees, maintained the Christian and secular forces which, when Ferdinand of Aragon and Isabella of Castile united Christian Spain once more, were strong enough to drive the Moors right down to the south as far as Granada, where their architectural *chef d'œuvre*, the Alhambra, escaped assault.

All this time the Mediterranean remained the highway of that mediæval trade which, proceeding across the Asiatic land routes from China and Persia to the Syrian and Palestinian coast, was then shipped by the merchant-citizens of the Italian city-states—Genoa, Venice, Lucca, Pisa—to the Mediterranean ends of the West European highways. The Saracens had prevented Charlemagne from uniting his resuscitated West Roman Empire with that of the Empress Irene at Constantinople, and from joining Spain to it; for they controlled the Western Mediterranean from the Straits as far as Malta. (Beyond this they did not assume the offensive, for their kith and kin in the Levant found trade with Christians profitable!) But when, in the fifteenth century, Portuguese and Spanish navigators discovered direct sea routes to the New World, and to Africa, India and the Far East, Portugal and Spain became Great Powers. From that time onward the Straits dwindled in importance until a French engineer linked the Red Sea to the waters of the Mediterranean.

The long decline of Spain as a Great Power was always accompanied by outbursts of fissiparous violence, the fruit of a despotism which after the Great War and still to-day seeks to repress legitimate local aspirations for autonomy by force of arms.

In an attempt to wrest the Portuguese harbours from Britain, Napoleon compelled Spain to make war on

Portugal and tricked the old Spanish King Carlos into resigning his throne in favour of Napoleon. A Continental Power was thrusting its hand into Spain; but the English, under Wellington, organised Portuguese resistance and eventually rolled the French armies back to defeat outside the walls of Toulouse. The Spanish people were enthusiastically on the side of Wellington, who appeared to them as a deliverer not only from foreign oppression but also from the domestic exploitation by short-sighted despots. Unhappily, in 1823, Canning, Foreign Minister of England, "called the New World in to redress the balance of the Old"; he recognised the rebel Spanish colonies as independent States for the good of British traders; but he was not prepared to withstand the restored French Bourbon king's desire to march into Spain and abolish the popular constitution which an enraged populace had extorted from a Bourbon monarch. The French, under their restored Bourbon king, declared war on Spain in 1823, with the approval of the other members of the "trade union of despots": Czar Alexander and Metternich. The constitution was abolished. But the Bourbons and the Napoleons vanished from the stage in France, and the Third Republic found itself drawn ever closer towards a solidarity with Britain (who virtually commanded Portugal) and with the democratic forces of Spain. It seemed as if Western Europe, from North Africa and the Straits to Ireland and as far east as the Rhine, would prove a compact repository of democratic institutions and of Western individualistic culture.

That aspiration has been well-nigh shattered within the last few weeks. Separatism and popular resentment against centralised power—not unnaturally identified with the rule of forcible tyranny—are to-day the mainsprings of a bitter, unyielding popular resistance to a military rebellion which seeks—as sought the Romans, Bourbons, Alfonso and Primo de Rivera—to establish absolute power in the centralised administration of Spain. As in times past, so now, the approaches to the Mediterranean and the control of its trade routes are once again *en jeu* in Spain. And as then, so now, the power that rules in Spain may play a major part in European politics. Once again, in the cause of despotism, Vandals have returned from North Africa to Spain. Good Europeans may well hope they will not retrace their steps any farther.

NOTES OF THE WEEK

The Week in Spain.—Three features have marked the course of the conflict in Spain since last we wrote. First, despite Signor Mussolini's surprisingly sudden acceptance of M. Blum's "neutrality plan" at the end of last week, no ratifications have yet taken place; and this week warlike supplies for the rebels at Badajoz—including tanks, guns, and aeroplanes in parts—have been dispatched in German and Italian vessels to Lisbon and thence forwarded through Portuguese territory. (It was reported that the British Foreign Office on Wednesday instructed Sir Charles Wingfield, Ambassador at Lisbon, forthwith to urge upon the Portuguese Government the necessity of making Portuguese "agreement in principle" to M. Blum's neutrality plan immediately effective.) An Anglo-French "whip" has been sent to all the Powers who have agreed to participate, urging immediate realisation of neutrality and the establishment of a supervisory committee. Secondly, the Spanish rebels have launched desperate offensives in Guipuzcoa against Irun and the port of San Sebastian, and in the South against Málaga and Madrid. In the North they were unable to reach their objectives, despite their use of Italian Caproni bombing aeroplanes; and the battle still rages as we go to press. The Government have invested Cordoba in the South and surrounded Saragossa in the North; while General Franco's rebel force has advanced towards Madrid. By far the most important news, however, is of disaffection not only among the Moors left in the Spanish Moroccan zone, but also among those

now fighting for the rebels in Spain. Disaffection in the rebel forces seems to be increasing; and so are guerilla actions by the Spanish peasantry behind the now extended lines of rebel communications in Southern Spain. If an honest and effective international agreement to "keep the ring" could be guaranteed—say, by an international force round Spain—it would seem from this week's news that the chances of success for the rebels' criminal enterprise had notably diminished.

The Anglo-Egyptian Treaty.—In the signature of the Anglo-Egyptian Treaty in London on Wednesday we can seize, with relief, on a piece of positive action, rightly conceived and energetically carried through by both Governments. This Treaty—which ought to have followed the British unilateral declaration of February, 1922, before the end of that calendar year—is now some fourteen years overdue. It has come within an ace of being too late; but we have every expectation that, once signed and ratified, it will last. This optimistic forecast is justified because the Treaty unquestionably does minister to certain fundamental interests of both parties, without conflicting with any other interests of theirs. Egypt—lying, as she does, in a strategical position which is as temptingly eligible as it is perilously exposed—has an interest in being safeguarded against the danger of being turned into an arena

for the strife between other Powers—so long as this immunity is secured for her in a way that leaves her mistress in her own house. Egypt need suffer no loss of self-respect in accepting the protection that Great Britain offers; for the benefit of the military clauses of the alliance is mutual; and we are living in a world in which not even the greatest of Great Powers can any longer dream of providing for its security by its own unaided strength. Thanks to this Egyptian alliance, the British Empire will now be able to feel easy about one of the four weak links in the chain of maritime communications from Britain to East Africa, India, Australia, New Zealand, Malaya, Hongkong and Shanghai. Whatever has happened in the recent past, or may happen in the near future, to change the strategic situation to Great Britain's disadvantage at the Straits of Bab-el-Mandeb—or the Straits of Bizerta, or the Straits of Gibraltar, for that matter—Suez, at any rate, should henceforth be reasonably secure. Paradoxically enough, while they have done a good piece of work in the Eastern Mediterranean with one hand, His Majesty's Government seem passively intent on preventing it from being of any use by allowing the Western entrance to the Mediterranean to fall into German (and/or Italian) hands. If British foreign policy baffles the British, no wonder it confounds the foreigner.

Germany Extends Conscription.—Germany has called up more men. The new German law of August 24, 1936, raises the period of universal compulsory service in the German armed forces from twelve months to two years; and this decree was promulgated before the close of a day on which the French Government had been able to announce, with commendation of Herr Hitler's statesmanship, that Germany had now followed suit to Great Britain, Belgium, Russia and Italy in accepting the French proposals for the observation of a uniform neutrality towards the Spanish civil war. The French Press, whatever shade of domestic opinion the newspapers represent, has reflected the ominous and understandable increase of nervous tension in France which the Nazi Government's action has evoked. It is reported that the total army, conscripts and regulars, will not quite be raised from 550,000 to 900,000 men, because before this week's Decree the conscripts already served almost one year's para-military "labour training" before joining up, and because the *cadre* of officers is not yet large enough. But, as many authorities have quickly pointed out, the ostensible reason adduced by the Nazi authorities for this week's surprise—"defence" against the increased Russian Army, which in its turn was increased because of an earlier increase in the German army—bears a sinister similarity to the German refusal to cancel the German mobilisation decree in 1914 because the much slower Russian mobilisation was in train. Two days after the announcement of extended conscription, Herr Hitler made a further statement, declaring that the women and children of Germany would be enrolled in new State organisations in preparation for "national defence." In this he has copied the example of his fellow Fascist dictator. But history records many international crimes which have been committed in the sacred name of national defence. The comment of the French Prime Minister's newspaper on Wednesday was quite right: Herr Hitler's latest example of shock tactics has launched us all on a new perilous lap of the accelerating armaments race. It is a race in which all must be losers; and its grim losing-post seems this week to have come nearer.

Germany Against Russia?—The Russians, we are informed by their enemies, do not go in for sport. (With the Spartans, once upon a time, it used to be the same.) There were no Russian competitors at Berlin for the Olympic Games; and Herr Hitler has not waited long after the games were over in order to take fresh measures against what he professedly expects the Russians to do, not in sport but in earnest. For "History" (he tells us in the official comment accompanying the new German Military Service Decree) "has taught us that it is better to make great sacrifices for peace than to sink into Bolshevist

chaos." Hitler's foreign policy—proclaimed in *Mein Kampf* and studiously followed in practice ever since the publicist turned dictator—is to bury the hatchet in the West in order to have a free hand in the East—in order, in turn, to achieve a European hegemony which would enable him to dictate to Britain and France. This policy has been so persistent, and has such promising prospects of success (considering the present temper in Western countries, on which we comment elsewhere in this issue) that it would have been surprising if Hitler had allowed himself to be drawn into making a radical departure from it on account of a trifling German-Spanish incident. If Hitler had indeed made up his mind to join forces with Mussolini in putting, and keeping, the Spanish Fascists in power in Spain—in return for the concessions to Germany and Italy of naval and air bases in the Balearic Islands and in Spanish Morocco—he would have been throwing to the winds all Herr von Ribbentrop's laborious work of the last three years. For, however far our British and French reactionaries may incline towards kow-towing to Fascism, a *fait accompli* which placed the strategic keys of the Western Mediterranean in German and Italian hands could hardly have failed to make even these indulgent Western admirers of Fascism "sit up." But it now appears that the Spanish Government has merely been used by Hitler as a stalking-horse for a new move in his old campaign against Russia. On Friday the batteries of a Government-controlled German Press were suddenly swivelled round from Madrid and turned on Moscow. Russia was declared the cause of the new Conscription Decree—though it was freely reported months ago that a new Nazi *coup* would be necessary once the Olympic Games, and their attendant "good-will," had evaporated from Berlin. The anti-Russian salvo from Berlin was leading up to a new Nazi stroke. To-day, whatever their party, Englishmen can harbour few doubts what that stroke means. And when it comes, who among them still thinks that "British interests" will not involve Britain, sooner or later, in the vortex?

Stalin Wins.—Thirty hours after the end of a trial faithful to Soviet traditions—abounding in evidence for the prosecution and rendered farcical by abject pleas of "Guilty"—Zinoviev, Kamenev and their fourteen alleged accomplices were judicially shot. Another Left-wing member of the "Old Guard," Tomsy, head of the State Publishing Office, was accused during the trial and shot himself last week-end. Bukharin, the responsible editor of *Izvestia*, and Radek, its political leader-writer, have been implicated, and so has Rykov. The "purge" of Left-wing and Old-guard elements opposed to the allegedly Right-wing and *bourgeois* tendency of Stalin and the Stakhanov movement—which admits payment by results and private property—is now proceeding throughout Russia. Alone, the "onlie begetter" of the alleged conspiracy, Trotsky, remains closely guarded near Oslo by Norwegian police. No one outside Russia is in a position to prove the existence or non-existence of a conspiracy, of intimidation of the accused, or of arbitrary judicial methods; suspicion vies with prejudice as a criterion. Two things are clear. First, Stalin has won a victory for his policy of turning Soviet Russia to the Right—which neatly turns the flank of foreign *bourgeois* sympathisers with the alleged conspirators. But secondly, that so dreadful and ruthless a kind of victory was thought politically expedient, amounts to a proclamation of something rotten in the State of Russia. Trotsky's declaration that Bolshevism has ended, and that a period of internal political struggles in Russia now opens, may yet be proved right.

Strike Threat in South Wales.—All the miners in South Wales and Monmouthshire belonging to the South Wales Miners' Federation handed in strike notices on Monday. The strike is timed to begin on September 7th, and would affect 90,000 out of the 124,000 workers engaged in the coalfield. The question at issue is once more that perennial cause of bitterness the "Miners' Industrial Union," alleged to have

been founded by mineowning interests in order to weaken the Miners' Federation. It is now contended by the Federation that the management of Bedwas Colliery have been compelling workers to join the Industrial Union by methods of "intimidation and espionage." The Federation leaders stated their case at the Ministry of Mines on Monday, and the Minister saw Sir Samuel Instone, chairman of the Bedwas Navigation Colliery Company, on Wednesday. Sir Samuel is understood to have made counter-charges against the Miners' Federation, and declined to discuss the question with them. This attitude seems hardly likely to bring a settlement nearer. Indeed, it would be disastrous if the principle of "company unionism," which has done so much to embitter industrial relations and hamper the development of genuine trade unions in America, were to become a bone of contention in Great Britain. The temper of both sides, further, makes South Wales, of all areas, the least promising for experiments of this character. Moreover a strike of the whole coalfield at this moment might do serious and permanent harm to what remains of South Wales' export trade. It may, therefore, be hoped that the Ministry of Mines will investigate the allegations as soon as possible, and that the management of the Bedwas Colliery will be prepared to adopt an attitude towards the Miners' Federation at least no different from that of other employers in the district.

Charing Cross Bridge.—The plan for a bridge at Charing Cross, discussed in the *Economist* of July 4th, has now emerged in the recommendation of the London and Home Counties Traffic Advisory Committee. Briefly, the plan is to leave the railway station on the North bank, and construct a combined road and rail bridge, with improved road approaches to the Elephant and Castle in the South and Euston Road in the North. The proposed approach to Euston Road appears somewhat grandiose, since it implies the building of a new North-South thoroughfare right through the heart of London, presumably roughly on the line of Gower Street. If there is to be a bridge, however, there must be adequate approaches, though the cost would naturally be very heavy; and for this reason, apparently, the Labour representatives of the L.C.C. dissented from the recommendation. The next move now lies with the L.C.C.; and there consequently seems some danger that politics and the smoking embers of the Waterloo Bridge controversy may even yet becloud the air. One may fervently hope that this will not happen. For the great need now, for a thousand obvious reasons, is to end thirteen years' (or, rather, eighty years') controversy and build the bridge. If a decision is not reached quickly, Charing Cross Bridge will soon be neither a bridge, nor even a plan, but only a melancholy jest.

The Wheat Subsidy.—The Wheat Commission has announced its final figures for the crop year 1935-36. It will be recalled that the Wheat Act guarantees a price of 10s. per cwt., or 45s. per quarter, for a maximum quantity of 27,000,000 cwt. of home-grown wheat, the funds being raised by a levy on flour milled. The Commission finds that in 1935-36 the average price realised by British growers was 5s. 9.23d. per cwt. The deficiency payment would therefore be 4s. 2.769d. per cwt. Administrative expenses of 0.593d. per cwt. have to be deducted, leaving 4s. 2.176d. per cwt. But a total of 33,650,000 cwt. of British wheat was sold, and the deficiency payment is accordingly reduced in the proportion that this figure exceeds 27,000,000 cwt. The net result of these calculations is that the registered grower receives 3s. 4.26d. per cwt. He has already received 2s. 9d. on account, and the balance will be paid next month. The average return to the domestic wheat-grower thus works out at 9s. 1.491d. per cwt. or 41s. 0.45d. per quarter. The deficiency payment of 15s. 1d. per quarter compares with payments of 17s. in 1934-35 and 21s. 10d. per quarter in 1933-34. The wheat subsidy scheme can thus count among its technical advantages that its cost diminishes as the world price of wheat rises. In 1936-37 its cost will fall still further, as the average price

of wheat promises to be substantially above the level of the past twelve months. In anticipation of this the Wheat Commission has already reduced the levy on flour from 3s. to 2s. per sack. This year's domestic wheat harvest will also be considerably smaller than last year's, but this will not further reduce the cost of the subsidy unless the total yield falls below 27,000,000 cwt.

Progress in India.—The omens for the early establishment of the new Federal constitution in India appear on the whole to be growing more favourable. Agreement with the Princes seems nearer, and the attitude of Congress is, for the moment at any rate, growing less intransigent. The discussions with the Princes foreshadowed at the time of the publication of the new Instrument of Accession are to begin, and it is believed that few of them will delay much longer in joining the Federation. Meanwhile, Congress is preparing to take part in the forthcoming election to the new Provincial Legislatures. Congress opinion is evidently now at an historic turning point when the old anti-British sentiment can hardly maintain unity any longer, and the normal political divisions which are likely to prevail in the new India are beginning to appear. There are three issues at present tending to create disunity: the communal award, the advisability of accepting office in the new legislatures, and—most fundamental perhaps—the issue of Socialism. For the purpose of the election Congress has succeeded in composing an agreed manifesto, adopted by the all-India Committee under the presidency of Pandit Jawaharlal Nehru, which achieves unity largely by the time-honoured political device of putting in something to please all. It is at least a welcome sign, however, that Congress is taking part in the elections, and that it has not committed itself against subsequent acceptance of office. A majority is supposed to be in favour of acceptance, but Pandit Nehru, whose personal authority is great, is still opposed to it. A reform of the land tenure system, giving immediate relief to the smaller peasantry, while striving to improve the industrial workers' position, is also contained in the manifesto. Here again one may trace the influence of Pandit Nehru and his followers, who wish to prevent the Congress movement from degenerating into a mere political instrument of the richer Indian merchants and landowners. Much sympathy will be felt with Pandit Nehru's aims, but it would be encouraging if he could see his way to pursue them through the constitutional paths now being opened in India.

Retaliation in Palestine.—The most distressing feature of the situation in Palestine this week has been that the Jewish reprisals against the Arabs have suddenly begun to increase. That the Jews should hit back in the same lawless, brutal and indiscriminate fashion in which they have been hit by the Arabs for weeks past, is natural and indeed almost inevitable, failing success in the Government's efforts to suppress the Arab political banditry by the arm of the law. Now that the Jews have retaliated in earnest, we cannot criticise them alone for the breakdown of their self-restraint. Both sides have taken the law into their own hands, and it becomes harder than ever to arrive at a moderate settlement that will be more or less tolerable to both parties. There is much significance in the figures, published last week, of the casualty list from April 19th to August 15th. The total casualties (excluding accidental ones) are 1,201—205 killed, 353 (seriously) wounded in-patients, and 643 (more lightly) wounded out-patients. Of the deaths, only 17 have been incurred by the armed forces of the Crown (11 of the dead being English soldiers and policemen; six of them Arab policemen; and none of them Jewish policemen). The toll of wounded in the armed forces is, however, relatively higher, for it includes 64 of the serious cases and 95 of the slighter cases. The Jewish civilian population of Palestine has lost, during the same period, 58 killed, 98 seriously wounded and 121 slightly wounded. But the surprising and significant figures are those for the Arabs—Muslims and Christians taken together, as they should be, in consideration of the solidarity of their political

feeling against the Jews. The Arab casualties known to the authorities amount to no less than 130 deaths, 190 serious wounds, and 427 slight wounds—very nearly three-fifths of the casualty list. These figures fall considerably below reality; for the Arab snipers on the hills take pains to remove their dead and wounded, and often succeed. Happily, it was reported on Thursday that the Higher Arab Committee had met in Jerusalem—one of its members was released from a detention camp for the purpose—and had decided to telegraph the Iraqi Foreign Minister, who had already once offered his services to mediate between Arabs and the Government, to return to Palestine. This offers hope that the Arabs may call off their violent tactics to enable the Royal Commission to begin its inquiries.

Australo-Japanese Trade War.—Last May Australia introduced higher tariffs and a licence system on certain imported commodities (cotton, rayon, tobacco, motor chassis, etc.) with the avowed aim of increasing British preference, aiding domestic manufacturers and diverting trade to "good customers." The Japanese, who were the principal potential sufferers, retaliated promptly by implementing their Trade Protection Law, which had earlier been used against Canada, when she discriminated against Japanese goods. They threatened to cut their imports of Australian wool by two-thirds and to make up one-third of the difference by buying from other producers and the other third by using artificial fibre. Manchuria faithfully followed suit. Wheat, wool and flour may now be imported into Japan only under licence, and certain other Australian imports are subject to an additional duty of 50 per cent. *ad valorem*. Neither party has yet seen fit to sign a truce in this unhappy war, although both profess to be willing to negotiate. The position is the more regrettable because Japan and Australia are eminently fitted by natural endowment to do a complementary trade to their mutual benefit. Japan has a densely crowded population, very little agricultural land, and a deficiency of certain types of foodstuffs and raw materials which Australia can profitably supply. Australia has large territories suited only for pastoral and agricultural uses. Japan must live by manufacturing, Australia by producing raw materials. In past years Australia has found her Japanese trade highly profitable, and although Japanese exports to Australia have made rapid progress in recent years, her purchases from Australia have increased by a greater absolute amount, as the following table shows:—

	(Million yen)							
	Australian exports to Japan			Australian imports from Japan				Excess Japanese purchases
	Total	Wool	Wheat	Total	All Textiles	Foodstuffs	Paper	
1929.....	133	99	15	44	27	3.4	0.05	88
1931.....	113	83	22	18	13	1.9	0.16	95
1933.....	204	157	33	51	31	3.6	0.26	153
1935.....	235	182	31	74	47	5.1	2.81	160

If by a good customer Australia means a customer who buys more than he sells, then Japan can justly claim to be one of Australia's very best customers. It is, of course, part of the Australian claim that Japan has adopted under-hand means to increase her sales, particularly of rayon, in Australia, and that the Japanese are undermining the Australian standard of living, taking trade away from Great Britain. Although the terms of trade are moving in Australia's favour, giving her more imports for a given quantity of exports, she complains of "unfair Japanese competition." The competitive position in the Australian import market between Japan and Great Britain is illustrated for four groups of commodities by these figures:—

	SALES IN THE AUSTRALIAN MARKET (£'000 sterling)							
	Cotton fabrics		Rayon fabrics		Pottery and porcelain		Silk tissues	
	1930	1934	1930	1934	1930	1934	1930	1934
Great Britain.....	6,092	3,239	962	705	593	273	181	32
Japan	252	457	—	854	77	139	2,372	665

The most striking point about these returns is the great reduction in the total value of sales, rather than any great increase in the Japanese figures.

Australia's Real Interests.—What are the rights and wrongs of the unfortunate Australo-Japanese controversy? Australia argues that although Japan buys more than she sells, the Australo-Japanese trade is carried in Japanese ships, financed by Japanese bankers, and organised by Japanese merchants. This comes near to the heart of the matter, which is more political and nationalistic than economic. It is true that Mr Lyons, the Commonwealth Premier, says that Australia is not acting in any unfriendly spirit, but merely desires "progressive two-way trade on an equitable basis." Two-way trade is no self-evident virtue; but even if it were it would surely imply, in the present case, that either Japan must sell more to or buy less from Australia, and neither result would really please Australia in her present mood. At the bottom of the controversy seems to be the desire to hold back the Japanese at all costs. That Australia realises this to be a difficult attitude to maintain is evident from her recently expressed desire to revive British emigration. But even British emigration cannot change the physical characteristics of the country, and in the not-too-long run Australia's tariff policy can only aggravate the very Japanese characteristics which she seems to fear. Great Britain, in turn, should be the first to recognise that her present policy of restricting imports of food supplies, in the interests of her own agriculturalists, does not make Australia's problem any the easier. High tariffs and restrictionist policies, indeed, are doing more to restrict trade and the world's standard of living than any increase in trade which would follow relaxation of discriminatory measures against the Japanese, whose right to live and do business is at least as fundamental as that of the Australians and the British. The world might well go to school again to re-learn the forgotten lesson that international trade is beneficial to all parties, not a gain for one country at the expense of another; and that its merit does not reside in trade restricted to a two-way channel.

Aftermath in Italy.—The effects on Italy of the annexation of Ethiopia are now becoming apparent. Signor Mussolini finds himself faced with popular demands, especially in the South of Italy, for the return of the Italian troops; but their precarious position in Addis Ababa and the districts they occupy necessitates the maintenance of at least 200,000 white troops, including military engineers and transport corps, in Ethiopia. A compromise has apparently been reached by a decision to repatriate the regular army from Ethiopia and to replace it with Black-shirts—a decision probably not unrelated to the possible military needs of Italy nearer home. Meanwhile the cost of living has been rising rapidly for some months, and a comprehensive series of measures to raise the workers' purchasing power has had to be introduced. These extensive and laudable measures seem, in the present state of Italy's finances and foreign trade, to constitute a real burden on Italian industry. No Budget details are now published; and the figures of internal indebtedness and savings and commercial bank deposits give little indication of Italy's financial capacities; for State Corporations like the Institute for Industrial Reconstruction are the effective purveyors of capital resources, and it is impossible to discover where their resources arise or how they are distributed. It is at least clear that the exchange problem is pressing upon Italy, for her foreign trade is largely canalised into bilateral channels with Germany, Austria and Hungary; and these countries share the same exchange problems as Italy. This may partly account for the Italian "offer" to liquidate the outstanding £2,000,000 odd, owing to British exporters, over twenty years or more. The Italian authorities are attempting to expand Italian exports, especially of textiles, to Latin America, accompanied by vigorous propaganda against Britain and British

goods. This may give Italian industrialists more, but not much more, work; for the extent to which Latin American debtor countries can materially increase their imports from any one country is limited. Finally, it is understood that the financial requirements for the commercial exploitation and garrisoning of Ethiopia have now been placed at a much higher figure than was assumed when the Duce began his war. Italy appears to be in neither an enviable nor a creditworthy position.

* * *

New Factories in 1935.—A total of 510 new factories, employing 49,750 people, were opened in 1935 (compared with 502 factories in 1934), according to the Board of Trade annual survey. The survey covers all factories employing 25 or more persons opened, closed or extended. During the year 192 factories were extended and 486 closed. The geographical distribution of the changes was as follows:—

	New Factories	No's Employed	Exten- sions	Closed
S. and S.W. England	10	1,100	11	6
Greater London	213	19,000	51	184
Wales and Monmouth	4	300	5	5
Midlands	69	7,900	27	71
Eastern Counties	26	1,800	4	11
N.W. England	121	11,350	62	139
N.E. England	45	6,650	22	55
Scotland	22	1,650	10	15
Totals	510	49,750	192	486

The survey contains "no evidence of a 'drift to the South' in the sense that new factories in the South are the result of transfer from the North, the net movement being in the opposite direction." It would be dangerous to infer, however, that the drift to the South is not a reality, in the sense that more new factories are being opened in the South than the North. Indeed, the above figures show this to be the case. There was an excess of factories opened over factories closed in South and South-west England, Greater London, and the Eastern Counties; and an excess of factories closed over factories opened in Wales and Monmouth, the Midlands, North-west England and North-east England. The chief reasons given for the location of 354 factories are analysed by the survey. Some 108 out of the total, however, are classified under "convenience of premises," which appears to be a blanket term. The next most important categories were "accessibility of raw materials" (38) and "suitability of labour" (37). Of the total of 510 new factories opened in 1935, 124 were in the clothing trades, 72 in textiles, 48 in engineering, 44 in timber, and 43 in food, drink and tobacco. This distribution between industries follows the trend of the previous year fairly closely.

* * *

"Exceptional" Railway Rates.—The extent to which traffic is now carried at exceptional rates on the railways is not widely realised. The Railway Returns for 1935, recently published by the Ministry of Transport, now bring up to date this information in respect of freight train traffic, for the first time since 1930. The particulars cover goods in Classes 1 to 21 of the General Railway Classification during one representative week, and are of special interest since they include particulars of the volume of traffic carried under the system of "agreed charges" (i.e. flat rates) introduced in the Road and Rail Traffic Act of 1933. The analysis of traffic in 1935 compares with the selected week in 1930 as follows:—

Traffic charged at	Receipts		Tonnage	
	Per cent. of Total 1930	1935	Per cent. of Total 1930	1935
Standard charges.....	40.02	30.89	23.48	16.23
Exceptional rates.....	59.98	66.09	76.52	82.70
Agreed charges	...	2.51	...	0.73
Composite rates	...	0.51	...	0.34

* Included with exceptional rates.

The figures of over 83 per cent. of tonnage carried at less than standard charges on the goods side compares with nearly 93 per cent. of passenger journeys made at reduced fares, or, excluding workmen and season-ticket holders, a

passenger figure of nearly 86 per cent. The distribution of passenger journeys and receipts is shown in the following table:—

Particulars	Per cent. of Total Passenger- receipts		Per cent. of Total Passenger- journeys	
	1930	1935	1930	1935
Passengers other than workmen or season- ticket holders:—				
At reduced fares	57.42	84.60	70.08	85.99
At standard or ordinary fares	42.58	15.40	29.92	14.01
	100.00	100.00	100.00	100.00
Passengers of all descrip- tions:—				
At reduced fares or rates	66.20	87.88	85.02	92.84
At standard or ordinary fares	33.80	12.12	14.98	7.16
	100.00	100.00	100.00	100.00

Under every heading, it will be seen, the percentage carried at reduced fares has increased. In short, the *effective* average level of railway rates has been measurably reduced, both for goods and passengers, since 1930, and this fact should be borne in mind in any comparison of total pre- and post-depression receipts.

* * *

Retail Trade in July.—Following a marked seasonal decline between May and June, the value of retail turnover rose slightly during July. The returns published in this week's *Board of Trade Journal* show an increase of 5.8 per cent. in the value of sales over July, 1935, when turnover was 6.7 per cent. higher than during the corresponding month in 1934. The improvement in sales of food and perishable articles is being well maintained; for the increase over July, 1935, amounts to 9.4 per cent. But owing to the gradual rise in prices the increase in the volume of sales was probably somewhat smaller than the advance in value. On the other hand, the expansion of sales of other merchandise appears to have slowed down in recent months, turnover in July being only 2.4 per cent. higher than a year ago. Unfavourable weather was probably mainly responsible for the disappointing turnover in a number of departments:—

INDEX OF VALUE OF RETAIL SALES, GREAT BRITAIN
(Average Daily Sales in 1933 = 100)

Period	Food	Other Merchandise	Total
1932	102	99	101
1933	100	100	100
1934	103	103	103
1935	111	108	109
1935—June	110	108	109
July	105	113	109
August	107	81	94
September	110	99	104
October	112	114	113
November	116	115	115
December	133	160	146
1936—January	115	118	116
February	116	88	102
March	117	97	108
April	121	113	117
May	116	121	118
June	119	109	114
July	115	116	115

The improvement in the value of retail sales over July, 1935, was fairly uniform in the various geographical divisions. Exclusive of Central and West End London, the increase in sales of foods and perishable articles varied only from 8.2 per cent. to 11.9 per cent. Sales of other merchandise showed smaller increases in all districts, varying from 1.4 per cent. in Suburban London to 3.3 per cent. in Wales and North England. Stocks continue to increase at a smaller rate than sales, indicating a steady improvement in efficiency. Prospects for retail trade are not unfavourable, but the trend of sales during recent months has demonstrated the importance of the weather as a factor in turnover.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

CONFUSED ELECTION PROSPECTS

We are now on the threshold of the autumn, a period when expectancy looks for a marked increase of production. So far, the summer months have maintained the high levels of the past three quarters, and if the autumn should come up to expectation, it would lift business activity into decidedly higher ground. On the whole, this is the forecast of New York, and, to judge from the dispatches, of Washington. There is no convincing reason to deny it; there are, however, three questions which the autumn must answer: (1) It is now recognised that the drought is a major economic phenomenon that may have unanticipated repercussions. It is already finding reflections in reduced arloadings, and in smart rises in some food prices, notably milk, fruit and vegetables; (2) it seems that the majority of the Bonus recipients have already spent their money, and while it is recognised that windfalls of this kind have cumulative effects, many believe that the high level of summer activity is a direct reflection of the Bonus spending, and that its consequences are receding; (3) as yet it would be impossible to demonstrate that the election has had any adverse effect upon business activity, but political uncertainties are multiplying.

Instead of the traditional duel between the Democratic and Republican parties, there is now a triangular contest. The Union Party has been reinforced by the adherents of Father Coughlin, and of the Huey Long Share-the-Wealth Movement; and while it is not expected that the party will have many votes in the Electoral College, it is likely to name a number of Congressmen. Mr Lemke, the candidate of the Union Party, was the co-author of the well-known and often rejected Frazier-Lemke Bill for the assumption of farm mortgages by the Federal Reserve Banks; he finds common ground with Father Coughlin in his proposal to make the Federal debt non-interest bearing. Even more difficult to appraise are the prospects of the Townsendites, who, refusing to become affiliated with any party, although endorsed by Mr Lemke, are following the famous tactics of the Anti-Saloon League, and securing the pledges of candidates in all parties. In other words, from the standpoint of the financial community, the focus of the campaign has, since the conventions, shifted from the Presidency to Congress, and the sentiment is more perplexed than would be indicated by the monotony of the betting odds, still quoted at 8-5 on Mr Roosevelt.

VIGOROUS CONSUMERS' DEMAND

Commodity prices have continued to rise. Wheat, in the past week, was soft, but maize, rye and oats advanced. Among the metals, scrap steel has continued to rise, and there are forecasts of higher steel prices later in the year. The non-ferrous metals have not moved; but there is some expectation that copper may go to 10 cents; and both lead and zinc are in such demand that higher prices are not improbable. Retail food prices, affected by the drought, have already risen substantially; in some areas a tendency to "hoard" canned goods has been reported, on the theory that this year the vegetable and fruit pack will be small. The strength of the retail trade figures is by some connected with the expectation of higher prices.

The vigour of the demand for consumers' goods is shown in the official figures of cotton consumption—603,000 bales—the largest domestic consumption on record; following 556,000 bales in June, and comparing with 391,500 in July, 1935. Early in the year, the trade was inclined to look for a fall in cotton consumption on the basis of the well-known two-year cycle in that industry. Instead, consumption went on into new ground. One alleged reason was the removal of the 4-cent processing tax. It is also reported that rents, both residential and commercial, are rising rather widely. This is especially significant for the future of apartment house (flat) construction. So far, the

residential building recovery has been practically confined to single-family frame dwellings; and construction of that type in some localities has returned to record levels. The index of residential building has been held down by the absence of distinctly urban construction; a fact explained by the numerous vacancies in city flats, and the prevailing low rentals. It is now stated that vacancies of this sort are few, and rents have recovered sharply, at least about New York. It is understood that the same change is noted in most cities.

On August 15th, the new bank reserve requirements came into effect. Ample notice had been given, and no consequences have been noted. Actual member bank reserves on August 12th amounted to \$6,116 millions, which was \$862 millions higher than in mid-August, 1935, and practically at the figure of last December when the Reserve Banks, in conjunction with the Treasury, undertook to reduce them by shifting Treasury balances with the Reserve Banks. These Treasury balances, after having been increased on two occasions (December and March) by about \$500 millions each, are now about \$338 millions—still a relatively high figure. Currency in circulation remains extraordinarily high, at \$6,170 millions, some \$600 millions above the figure of a year ago.

It is curious that comparatively little of the currency that was hoarded during the depression returned; and once the recovery started the circulation began to mount. This summer some \$200 millions went out at the time of payment of the Bonus cheques, and this too has not yet returned. The currency in circulation is now considerably higher than at any time in the 20's.

The August Federal Reserve Bulletin contains a computation of the restoration of bank deposits in the country. In 1929, total bank deposits were \$55,000 millions. On June 30, 1933, they were about \$38,000 millions, but by March 4, 1936, they had risen \$11,000 millions, to \$49,000 millions. After deducting \$2,000 millions from the 1929 figure to represent collection items, allowing for the increase since March, and adding to the current figure \$1,000 millions of Postal Savings Deposits, and \$1,500 millions of currency, the Bulletin says: "It would appear . . . that the amount of deposits and currency now held by the general public is as large as it has been at any previous time." In fact, between March 25, 1936, and August 5th, demand deposits adjusted increased \$934 millions—approximately 7 per cent. The increase over the past 12 months is about 12 per cent. The ratio of demand deposits to time deposits appears distinctly higher than before the depression, but the debits hardly more than keep pace with the demand deposits. The turnover per \$1,000 of demand deposits has scarcely risen since 1932.

NEW YORK, August 18.

FRANCE

FOREIGN EVENTS AND THE COMMUNIST PARTY

PUBLIC opinion here was not especially disturbed by the extension to two years of German military service, since it has become accustomed in the last two years to living with an armed nation on France's Eastern frontier. The Berlin embargo on arms for Spain, however, following the adhesion of Italy to the French neutrality proposition, was welcomed as a success for French diplomacy and for peace. During the last two weeks public opinion as a whole has also been in accord with the resistance of the Government to the demand of Left extremists for support of the Spanish "Frente Popular." In the Spanish case, as in the Italo-Ethiopian conflict, France is dominated by the desire for peace and internal order. It has been disgusted by the horrors of the civil war, and it fears new excesses in the event of victory, whatever side wins. Hence there is a fervent hope of tightening the collaboration with the British

democracy designed to limit the external consequences of an eventual Fascist or Communist dictatorship and to maintain the *status quo* in the Mediterranean and in Morocco. These events have provided a new occasion for the Communist Party to preach union to the French people.

This union, *L'Humanité*, the French Communist organ, says, is a social problem the solution of which is the same as that of the economic crisis. And *L'Humanité* declares itself ready to examine "any suggestion" in order to elucidate this problem. Is this a paving of the way to devaluation? If so, the Communists might join up again with the Radicals and the economic experts, who made up their mind on the question a long time ago. Professor Rist, for instance, in the annual edition of the "Revue d'Economie Politique," argues that the recovery on the international markets is a consequence of the stability of the great currencies and of the annual 5 per cent. increase in the world gold stock. French stagnation, Professor Rist says, in such a recovering world is paradoxical, but can be explained by the Government's inclination to use Dr. Schacht's methods in a country like France which must purchase great quantities of raw materials abroad. Devaluation is thus ineluctable, and "the more this devaluation is postponed, the more an increase of purchasing power will have to come from an internal creation of money, the more costs will rise, thus enlarging the difference between French and international prices and the economic isolation of the country." It appears, accordingly, that the fear of being late in the race for re-armament with Germany, owing to a persistent economic and financial crisis, is playing a more and more important rôle in the controversy between the partisans and the opponents of devaluation. The Communists will probably not be the last to consider this aspect of the monetary problem. But, for the moment, the decision to devalue does not appear likely, since it has not yet been rendered inevitable by a rise in prices, or discontent among the masses, or a new outflow of gold.

PRICE OF BREAD AGAIN INCREASED

The price of bread was again increased by ten centimes this week. This is the third ten centimes increase in a month, and it raises the price by 20 per cent. against an increase of wages of 12 per cent. This is in accordance with the rise in wheat prices which will be supervised by the new Wheat Office. A price of 130 francs is foreseen. This rise in price is naturally welcomed by the farmers, who argue, however, that the rise following a bad crop would have been even greater if the market had remained free. The price of wheat will be fixed, after consideration of the crop results, by the Central Committee of the Wheat Office (which is composed of 51 members, that is 29 producers' delegates and 22 consumers' delegates). A "coefficient of increase" will be applied to the average price of the 1911-1913 period; and the coefficient will take into account the increase in the cost of living and the price of farm equipment.

Fiscal receipts in July reflected the social disturbances of June. The total was 3,768 millions, of which 3,369 millions were ordinary receipts:—

(Fr. '000)

Direct taxes	648,284
Indirect taxes and monopolies	2,701,316
Special receipts	19,839

Comparison with July, 1935, shows an increase of nearly 20 millions in indirect taxes and 73 millions in direct taxes, or 92 millions in all. For the first seven months of the year, the total yield of taxes was 17,817 millions, or 190 millions less than in 1935. The fall of 329 millions in direct taxes was partially compensated by an increase of 136 millions in indirect taxes.

Railway receipts are now steadily improving. They reached 208,028,000 francs during the thirtieth week of the year (to July 29th), an increase of 11,815,000 francs, or 6.03 per cent. in comparison with the same week of 1935. Loaded wagons were also better with 286,522 units, against 262,543, an increase of 9.13 per cent. in comparison with the same week of 1935.

The gross tonnage using the Suez Canal during the first

two quarters of 1936 was 22,440,000 tons and the net tonnage 16,040,000 tons, against 22,159,000 tons, and 15,864,000 tons, respectively, during the corresponding period of 1935. The North-South traffic has increased from 7,454,000 tons to 7,989,000 tons, and South-North traffic has diminished from 8,410,000 tons to 8,051,000 tons. British shipping accounted for 7,375,000 tons (45.98 per cent.), Italian for 3,352,000 tons (20.90 per cent.), German for 1,415,000 tons (8.82 per cent.), Dutch for 1,100,000 tons (6.86 per cent.), and French for 821,000 tons (5.12 per cent.).

PARIS, August 27.

GERMANY

THE RUSSO-GERMAN FEUD FARCE

THE International position on Friday, August 21st, induced a Bourse panic—not a first-class panic, but one worthy to rank with the historic Black Fridays. This panic was managed by newspapers, which had been themselves managed in turn. The present importance of the newspapers derives from the fact that they are the only Big Noises. The Reich has no bawling Parliament; the discussion of politics at public meetings is forbidden; and Ministers talk politics only at set demonstrations. Overtly, therefore, newspapers are everything. They construct the "information-basis"—usually jerry-built—of policy; they determine policy; they foreshadow policy. This is indeed not the Government by "able editors" which provoked the jibes of Carlyle. It is government, rather, by able printers' devils, who fly to the Highest Instances for news and views, elbowing aside the grocer's rival errand-boy with the apology "L'Etat c'est moi!" The same "democratic" Press flourishes in Russia, with the difference that some editors there are distinguished enough to be shot.

The Russians, say persons who have explored their country, are a talented, imaginative people with a loose grasp on reality. The Germans are an outwardly solid, inwardly whimsical, people, differing not much from the Russians. Each of them just now happens to have an overmastering *Weltanschauung* which contains very little *Welt* but a great deal of *Schau*. Chronically, by the medium of printers' devils, these almost indistinguishable countries wage eloquent warfare, which, since even philosophers need oil and gun-borders, is periodically suspended with satisfactory economic consequences. Sometimes Business, sometimes *Weltanschauung*, masters their unstable souls. When the Spanish Civil War pushed *Weltanschauung* into the forefront, the printers' devils who rule Germany at first contented themselves with relatively mild attacks on Russia. The Kremlin, it was said, had instigated and even arranged the exact day of the outbreak of hostilities. This, said captious readers, implied unexpected impartiality in the Kremlin, which must have arranged first with the Rebel generals who started the affair. When the Moscow trial began, the anti-Russian Press campaign rose to a wild fury compared with which war-time vilification was complimentary. The printers' devils informed the public that Russians were beasts, fiends and devils, who sent direct orders to Spanish Reds to drench fellow citizens with benzene and burn them to death.

For this sudden hymn of hate no explanation was available. True, on August 11, the Russian Government had reduced the age for calling up conscripts; but that was already ancient history. On the sound American principle of giving only "all the news that's fit to print," one of the obvious motives of the Moscow trial had been suppressed. An ideally wise Berlin Propaganda Ministry would probably have advertised as a proof of Russian malignity the allegation that Reich Government organs had conspired to murder Stalin. No German would have believed this childish propaganda charge, and the news would have more effectively exposed Russian methods than mere cock-and-bull tales from Madrid and Barcelona. The ferocious German Press attack was really meant as a retort to the Moscow trial, and had little connection with Spain or the armaments increase. Before the lengthening of the term of military service was announced, the printers'

devils had to run in an entirely different direction and to bring back a budget of an entirely different kind.

Compared with the congregation of German newspapers, the well-drilled soldiers of the German Army are raw recruits. About the middle of last week the vilification of Russia abated at a word of command. It was replaced by alarmist accounts of Russia's military power. These accounts were written by no lay Propaganda Minister, but plainly by calm and reasonable experts. Though decorated with the inevitable comment that Russia had resolved to impose her *Weltanschauung* on the world and to obliterate Germany's almost identical *Weltanschauung*, they were yet in general objective and correct—and all the more alarmist. Printers' devils staggered under statistics of Red soldiers, Red airmen and Red incendiary school-misses; and elaborate graphs made clear the complexities of Russia's anti-German alliance system.

The general public, who are interested in eggs and boxing, had shown no concern at the news that the Kremlin meant to burn the world to death; and it now seemed to ignore the military alarmism. But the import of the alarmism was clear to such citizens as take an interest in politics. These guessed rightly at the coming of two years' military service, and indeed the news was sent abroad before it was announced at home. In business circles, the announcement had the familiar dual effect. Business rejoiced at the promised prolongation of its hectic armaments boom, and feared simultaneously new international unrest. The minatory Press emphasis on "Germany's patience with Russia," a few odd phrases like "If war comes . . .," and the provocative message of a German to a Spanish naval commander, were the chief cause of the Bourse collapse. The German protest to Moscow became known later.

WAR THREATS AND PLANS OF AGGRESSION

On the reaction abroad to Germany's measure it is too soon to comment. The Berlin evening newspapers that appeared on the day of the announcement informed their readers, with imposing headlines, that foreign countries approved and rejoiced. As it is doubtful whether this satisfactory foreign attitude, if it was real at all, will last, and as it may rather be assumed that the prevailing international animosity against Germany will be intensified, it may be said that the increase of her armed strength seems entirely reasonable to her most reasonable citizens. The spurious propaganda war against Russia has not influenced *Weltanschauung* war plan no more seriously than reasonable Russians take Herr Hitler's plan to annex their western provinces. Armaments, it is realised, are not determined by long-term plans of aggression; for there are no such plans. If aggression occurs it is short-term, due, it may be, to an aggressive temper, but always needing an immediate grievance or excuse. The question in all countries is: Is war possible; and, if it is possible, what military combinations may have to be faced? European policy everywhere assumes that war is possible; and Germans honestly consider that they are not strong enough to oppose the combination which already formally exists. Germany has not one likely ally. Owing partly to mistakes of her own diplomacy, and in spite of the absence of real causes of conflict, she must count on Russia as member of a hostile alliance.

The new re-armament is therefore not directed against Russia alone. It would not have been undertaken, however much Russia armed, had it not been for the association between Paris, Moscow, Warsaw, Prague and other capitals. Moscow's latest armaments measure was, however, a contributory cause. The military power of Russia, the Germans knew, was already enormous. One by one the deficiencies which hampered her armies in 1914-18 had been removed. As an industrial country she had outdistanced Germany, outdistanced her in particular in branches of production, vital to war, which she did not possess at all twenty years ago. She is at least equal to Germany in applied science, and she is catching up in education. For the first time in her history, therefore, she is able to use to the full her superiority in population and natural resources. If, as is represented here by the Press propaganda, she has correspondingly progressed in military

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science, she is not merely stronger than Germany, she is in an entirely different, a higher, order of strength. On grounds, therefore, of mere defence in a possible war, German re-armament seems justified. The question who started the new armaments race is here thought immaterial.

It is naturally expected here that Western countries will also "revalue" their armaments. But nobody believes that war is one inch nearer than it was a month ago. The propaganda feud is seen to be unreal. It is unreal in Russia, where the whole political interest is internal; while in Germany, where everything from hosiery to heroes is *Ersatz*, it is a substitute for policy. The two countries have nothing to fight about, and much to bargain over. Their politics are almost identical, their business needs complementary, and they mix admirably. Germans borrow Russian ideas; Russians, with a shrewd sense of values, borrow German cash. While mud is being thrown at one another's effigies in the streets, the real Russians and Germans palaver with Chinese courtesy in the Lietzenburgerstrasse about the price of oil. Poisonous tongues have not always so happily gone with pacific fists. The mild complaint of Napoleon III to Austria's Ambassador that "relations are not entirely satisfactory" was taken—it soon proved correctly—as a declaration of war. After eighty years of progress, authoritarian Governments mutually cry: "Assassin! Incendiary!"; and the result is a quota dispute.

BERLIN, August 25.

SPAIN

MADRID WELL ORGANISED AND WELL SUPPLIED

THE time factor would appear to be on the side of the Government in the civil war. It has greater resources both of money and men than the rebels. Madrid continues to be well supplied with necessities, and the military situation has been reorganised and much improved. This correspondent has travelled over three hundred miles by car during the last week, visiting the different "fronts" near Madrid, and the improved organisation and discipline were very obvious.

The newspapers *El Socialista* and *Política* have both published editorials calling for moderation and the avoidance of excesses. This warning is undoubtedly necessary. It is impossible that conditions should be normal in Madrid at an historic moment such as this, when rebel offensives are being carried out less than fifty miles from the city. But a certain extremist section of the Left-wing is doing the Republic much harm, especially in face of public opinion abroad, by its activities.

There seems to be in some British circles a rather ingenuous belief that the rebel generals, if they won, would after all be friends of Britain. No doubt they would have warm friendships with individual Britons. But, politically, such a friendship is practically impossible. At this moment

there can be no harm in recalling the incident which occurred at the end of last year when the Portuguese Minister of Foreign Affairs, Dr. Monteiro, made an official visit to Madrid on his way back from Geneva. An official banquet was given in the Ministry of Foreign Affairs at which the Premier and all the Cabinet were present—except Sr. Gil Robles and the two other Ministers of the clerical C.E.D.A. (Right) Party. Not, of course, that the clerical C.E.D.A. had not the warmest sympathy for the Portuguese Dictatorship. But it had been bruited around that Dr. Monteiro's visit was connected with a desire for a warmer collaboration between Portugal and Spain in international affairs—the question of Ethiopia was in full blast at the time—and, as it was deduced in Madrid that this would in the long run mean an approximation to British foreign policy, the C.E.D.A. Ministers ostentatiously absented themselves from the banquet.

Now Sr. Gil Robles and his friends represent the Left-wing of the Spanish Right. The Right-wing, which would take power if the present revolt succeeded, would without any doubt take an even stronger line in their foreign policy. The policy of friendship for Germany and Italy is already so deeply ingrained in Spanish Right circles that it should at least be clear to British people that they must have no illusions about the future relations between Britain and Spain if the generals triumph.

MADRID, August 24.

AUSTRIA

RAILWAY ELECTRIFICATION PROJECTS

FURTHER business improvement was observable in July; and in heavy industry in particular there was promise of a new boom. From June to July ore output increased by 18 per cent., and rolled goods output by 13 per cent. Crude steel and crude iron output, however, rose by only three or four per cent. Also encouraging was the announcement that the Ministry of Commerce and the Federal Railways were considering the continuation of the programme of electrification. A 300 million schilling credit to the Federal Railways for further electrification has been refused; but it is probable that, after the recent decisions about employment creation, electrification of railways will be continued next year between Vienna and Salzburg and most likely from Vienna to Graz and Vienna to the Hungarian frontier.

The foreign tourist traffic has also been good, and an influx of foreign exchange into the National Bank has resulted. In July the number of foreign visitors was 32 per cent. larger than last year; and during the Dentists' Congress in Vienna in the first ten days of August there were no vacant rooms at all in the Vienna hotels. Similar conditions obtained in Salzburg and at several of the places in Tyrol. In the whole period from July 1st to August 15th there was a rise of 27 million schillings in the foreign-currency holdings of the Austrian National Bank. As the 1,000-mark German visa for travel in Austria will be abolished in the last week of August, it is expected that the influx of visitors for the late summer season will be even greater.

LEAGUE DELEGATE'S "MISSION COMPLETED"

The new commercial treaties are beginning to take effect. Austria's total import surplus for the first seven months of the year was 155 million schillings, or ten millions less than for the corresponding period of last year. The trade treaty with Czechoslovakia, however, came into force only on August 1st, and the new treaty with Germany is not in force till September. The total import surplus has so far been almost wholly covered by the surplus on foreign tourist traffic, and, in spite of further repayment of debts, it appears that in the other items of the balance of payments equilibrium has been achieved this year, 1936. Last year showed a surplus in Austria's favour.

The delegate of the Finance Committee of the League, Dr. Rost van Tonningen, has retired with the explanation that, in view of the economic improvement in Austria, he regards his mission as completed. The function of the League delegate was originally to see that Austria's inter-

national creditors received their interest and capital in accordance with contractual arrangements. Payments have been continued unabated even in the most difficult months, and in view of the present recovery of the State finances, which the League delegate recorded in his last quarterly report, there can be no doubt about this matter in the immediate future. The delegate's figures showed a thoroughly favourable Budgetary situation:—

	1935	1936	1936
	(actual results)	(budget estimates)	(actual results)
(In millions of schillings)			
Expenditure.....	1,169.5	1,136.0	1,148.0
Revenue	1,101.4	1,097.5	1,129.8
Deficit			
(a) Current Financing.....	68.1	38.5	18.2
(b) Including Investments.....	95.9	59.9	35.9

During the first half-year the proceeds of direct taxation rose by 28.5 millions to 175.85 million schillings; which undoubtedly reflects business recovery.

Great changes in the direction of expenditure have taken place. The vote for national defence has risen from 27 million to 72 million schillings. The expenditure on agrarian water regulation has fallen from 30 millions to 10 millions, on road building from 53.6 millions to 31.7 millions, on productive labour creation from 12 millions to 4 millions, on volunteer labour service from 10 millions to 4 millions, on suburban allotments from 4.5 millions to 1.5 millions, and on the promotion of housing from 6.5 millions to nothing.

VIENNA, August 25.

NORWAY

FURTHER EXPANSION IN TRADE AND EMPLOYMENT

NORWAY'S foreign trade in the past seven months of 1936 shows a very favourable trend. Imports amounted in that period to 495.2 million kroner, against 446.5 million kroner in the corresponding period of 1935; and exports to 363.1 million kroner, against 320.9 million kroner in 1935. Imports thus increased by 10.9 per cent. and exports by 13.1 per cent. Among the main export products, herring and fish increased from 41.8 million kroner in 1935 to 42.9 million kroner in 1936, pulp and paper from 76.5 million kroner to 86.5 million kroner, minerals from 55.5 million kroner to 61.9 million kroner, and metals from 56.8 million kroner to 65.1 million kroner. There was an increase in exports of chemical pulp from 145,000 tons to 192,000 tons.

The official Statistical Bureau's (Det Statistiske Centralbyrås) index for industrial production in June was 124, against 122 in May and 117 in June, 1935 (first half of 1933 = 100). For the first six months of this year the average index was 119.5, compared with 110.5 in the first half of 1935. The number of unemployed also fell to 22,145 in July, against 26,228 in July, 1935. This July figure is the lowest since 1931. It is unofficially stated that 40,000 more persons have obtained employment during the year.

Conditions on the investment markets are not as favourable as they ought to be, considering the prosperous state of industry and commerce. This is partly due to the General Elections to be held on October 19th. As always, the electoral campaign is expected to cause some nervousness, and the business world is uneasy at the prospect of a Labour majority in the Storting.

Bank deposits continued to decline in the last months. On July 1st the deposits in 64 private banks were 821.9 million kroner, a decline of some 8 million kroner since January 1st. In 171 savings banks the deposits decreased in the same period by 49 million kroner to 1,561 million kroner.

The gilt-edged market is rather dull. Norwegian Government 4½ per cent. bonds have fallen to about 98 per cent., as against 101 per cent. at the beginning of the year. Industrial shares, however, are rising, thanks to the good industrial position. A remarkable boom has taken place in whaling shares, despite the dispute with Great Britain.

OSLO, August 21.

EGYPT

THE NEW TREATY AND FOREIGN INTERESTS

THE initialling of the Anglo-Egyptian Treaty has given rise to widespread uneasiness in foreign financial circles. With previous unsuccessful attempts still in mind, the present negotiations had been followed with undue scepticism right up to the last stages, and many failed to grasp the full significance of the recent changes in the Mediterranean which were making for a prompt settlement of Anglo-Egyptian differences. Having been caught unawares in the process of a recovery from the shocks of the Ethiopian affair, the reaction of these foreign financiers has been so much the more forcible, culminating in a slump in the Stock Exchange which has wiped out most of the gains secured since last June.

There is no doubt, however, that the outspoken warnings of the Minister of Finance to foreigners in his Budget speech had already set the stage for this setback. Heavy liquidations have been going on for a week, and on the day of his departure for London with the rest of the Egyptian delegation the Minister of Finance was compelled to write to the Stock Exchange authorities stating that new taxes would be imposed with the greatest moderation and that no discrimination, either in principle or in practice would be tolerated against foreigners. The comments of the Egyptian Press have been reassuring too, and it is clear that Egyptians would at present view with much displeasure any development that might induce the Powers to insist on a longer transitional period at the future conference for the abolition of the Capitulations.

Genuine apprehensions, however, are expressed in European quarters about the future employment of foreigners in various concerns. While labour has always been almost entirely Egyptian and may not meet, in its struggle for a higher standard of living, with more sympathy from the growing number of Egyptian employers than from foreigners, the case is different with the middle class unemployed youths. The latter cannot hope any longer to enter the overcrowded civil service, but on the other hand the Government cannot ignore their claims. The new powers which the State is going to obtain will be used effectively to make room for these people among foreign firms in preference to local European applicants.

With Capitulations doomed, foreign interests are falling back on a second line of defence, and hope to secure a sufficiently long period of transition, with adequate guarantees, to make future adjustments as painless as possible.

The foreign trade figures for the first half of the year show that the export surplus has contracted to very small proportions.

	1935	1936
	(January to June)	(January to June)
Exports	£E. 17,566,475	£E. 15,000,591
Re-exports	345,623	557,573
Imports	14,019,067	15,106,820

Of the fall of £E2,565,884 in exports, cotton accounts for £E1,051,919. Not much concern, however, is felt about these results, as it is confidently expected that with the rise in cotton values and the prospects of a brisk export season, the coming months will record a substantial improvement.

The new tariffs on Japanese textiles have had some striking effects on imports, as may be gathered from the following figures for pure cotton piece goods of all descriptions:—

	1935	1936
	(January to May)	(January to May)
United Kingdom	249,224	498,453
Japan	786,059	338,227
Others	183,027	201,565

With the exception of Italy, which was hit by sanctions, all countries exporting to Egypt increased their share at the expense of Japan.

ALEXANDRIA, August 19.

INDIA

ROAD AND RAIL CO-ORDINATION

THE question of road transport control was again before the recent meeting of the Transport Advisory Council held at Simla. A statement of policy has been adopted, though parts of it have not been accepted by various provincial representatives. The plans to put road and rail transport on a more equal and competitive footing follow those adopted by most countries, but some anxiety has been expressed about the proposed provision making it illegal for anyone to carry goods on any road in any motor vehicle, whether for private purposes or as a common carrier, save under the authority of a road service permit.

The Government of India intend to lay down very definite rules about the use of the Central Road Fund. The history of this fund dates from 1927, when the Indian Road Development Committee, a Committee of the Central Legislature appointed by the Government of India and presided over by Mr M. R. Jayakar, recommended that, owing to the increasing importance of roads and road transport, central revenues should make some contribution for road development in the form of an additional tax of 2 annas per gallon on petrol to be distributed to Provinces and States for road development. The Government of India accepted this recommendation, and the additional tax of 2 annas was imposed in the Finance Bill of 1929. It was subsequently increased to 2½ annas, at which it now stands. Of the receipts, previously 10 per cent. and now 15 per cent. is retained by the Government of India as a reserve for special grants for projects of peculiar importance or to help the more backward provinces, and for research and experiment. The remainder is divided annually among Provinces and States in the ratio of the consumption of petrol in each to the total consumption in India, and the sums so distributed are used for schemes of road development to be approved by the Government of India with the advice of a Standing Committee of the Central Legislature.

The Jayakar Committee felt that the fund might be applied to the development of important all-India trunk roads or feeder roads to railways, in which the Central Government might be held to have peculiar interest, thus relieving provincial revenues to some extent and leaving local Governments free to divert more money to internal road developments in the Provinces. But by 1931 provincial revenues had shrunk to such an extent that the Road Fund remained the only substantial source of revenue for development. At the same time competition by road motor transport with railways began to assume serious proportions; practically 50 per cent. of the total mileage of railways in the major provinces of India has now a metalled road running parallel, and nearly 25 per cent. of the total mileage of metalled roads in those provinces is parallel to a railway. It is proposed that, henceforth, the Provinces should only participate in the Central Road Fund if they adopt, to the satisfaction of the Government of India—adequate rules for the control of motor traffic. It is also to be laid down that a certain proportion of their share from the Fund may be spent on various types of roads, and a specified proportion is to be spent on feeder roads which will help to bring produce on to the main roads and on to the railways.

BACKWARD TRADE UNIONISM

There is little cause for satisfaction about trade unionism in this country on the basis of the note on the working of the Indian Trades Union Act during 1934-35, which has just been published. Membership of trade unions is comparatively small, and covers less than 300,000 people. The financial strength of the Unions is also insignificant. A total income of Rs. 5,28,607 means that in relation to membership financial strength is less than Rs. 2 per head. The North-Western Railway Industrial Workers' Union of Lahore reported in 1934-35 a phenomenal increase in membership from less than 250 to over 27,500; yet the total income of this Union was only Rs. 432. Such figures are most depressing.

Statistics of production of certain selected industries, published by the Department of Commercial Intelligence,

show the extent of industrial progress in India. The main figures are:—

Industry	Unit of Measure	1933-34	1934-35	1935-36
Cotton piecegoods	mil. yds.	...	3,396	3,567
Jute manufactures	tons	906,043	949,820	1,009,471
Finished steel	tons	550,696	627,358	676,691
Coal	tons	18,218	20,846	20,875
Sugar	cwts.	...	13,716,344	17,633,568
Paper	cwts.	873,160	892,013	961,985
Petrol	galls.	72,612,080	81,058,551	91,699,220
Kerosene Oil	galls.	156,909,832	169,267,410	162,420,243
Cement	tons	642,944	780,794	890,683
Matches	gross	...	16,450,336	24,239,445
Wheat flour	mds.	14,115,318	13,774,671	13,794,556
Sulphuric acid	cwts.	480,699	529,685	556,510
Sulphate of ammonia	tons	10,027	14,256	17,851

Whatever the financial position of the Indian cotton industry, there is no doubt that production still continues to increase. The production of finished steel has increased by about 125,000 tons over two years; production of matches by nearly 50 per cent. in 1935-36; production of jute manufactures by about 100,000 tons in three years; and the production of petrol by nearly 20 million gallons.

BOMBAY, August 10.

LETTER TO THE EDITOR

THE STATE AND BUSINESS RISKS

TO THE EDITOR OF THE ECONOMIST

SIR,—The distressing letter appearing in your issue for August 15th on black-coated unemployment impinges on a curiously neglected aspect of the functions that would seem appropriate to the State—especially since the war. At the present day, when hugely increased taxation and death duties have rendered the Exchequer virtually a shareholder in the country's industries, is

it not fitting, as your correspondent suggests, that the State should be prepared to shoulder an increased share of the risks as well as of the profits of trade?

Do not these considerations point to the need for some new type of insurance—of a kind that might not be commercially feasible for an ordinary insurance company depending for its revenues chiefly on premiums, but which might assume a very different aspect if conducted by the Government, whose charges for such a service would be supplemented by savings and increased contributions to the Unemployment Fund? Such an insurance might not merely assist an employer in the event of bankruptcy, but help to prevent his business from going bankrupt and his employees from being discharged.

It is not suggested that such a policy would necessarily be appropriate at times when speculation was already proceeding freely. But not the least of the scheme's merits would be that, by declining further risks in any direction where saturation began to be threatened, the Government could sound a warning. Conversely, whenever over-caution prevailed or when some huge venture was hanging fire, perhaps over a question of modernisation, because of the feeling that expectations might not, after all, be sufficiently realised to cover the additional overheads, the scheme might be brought into play to fill the gap created in our economic system by the present trend towards over-centralisation. Such a policy should go far to relax the brakes without impairing the motive power, and should therefore be free from the difficulties that have made it impracticable to subsidise moribund concerns out of the Unemployment Fund.

But, if for administrative or other reasons, it is deemed unworkable, there remain other methods of approach. Instead of offering loans at a flat rate of 3 per cent., for instance, why should not the Government offer them for a reasonable share—a quarter or a third—of the additional profits that such loans might actually effect? According to the Proceedings of the Institution of Civil Engineers (Vol. 236, pages 57 and 76), the Sheffield-Manchester electrification scheme is officially estimated to bring a return of 15½ per cent. If only a fifth of such takings were to find their way into the Treasury, it would mean that the Government's total receipts would be 6 per cent. for money advanced to the L.N.E.R. at 3 per cent. Further sums would accrue to the Unemployment Fund during the period of capital expenditure, if not beyond.—I am, Sir, yours faithfully,

99 Clifton Road,
London, S.E.
August 22.

K. H. JOHNSTON.

BOOKS AND PUBLICATIONS

THE COCKPIT OF EUROPE

WHEN the pre-war Austro-Hungarian Empire was divided in 1919 into five new or enlarged States, Central Europe might have been expected never again to become "the cockpit of Europe." Yet the realised aspirations of the nationalities in the old Monarchy, and the effect of their heady nationalism on economic policies, have again rendered the Succession States a zone of contending forces. Separately or in association they have fallen into the political and economic orbits of three Great Powers—Germany, France and Italy—whose European policies themselves have been antithetical; so that to-day Central Europe as a whole is much more a potential cockpit, in one sense, than it was under the Monarchy in 1914. This time there are more local cocks, and they have bigger ones behind them.

It is strange that, since the war, no one has attempted to give English readers as comprehensive a survey of Central Europe as Mr Wickham Steed gave in 1908 with his classic "The Habsburg Monarchy." He now writes a preface to Dr. Gerhard Schacher's study,* in which he emphasises the author's contention that political fears and forces have created an economic *impasse* in that region.

Dr. Schacher describes the accumulation of combustible political material in Central Europe which now, in his opinion, makes it "the most dangerous centre of crisis in the world." Seventy million souls whose destiny is united by common economic interests are divided into five States (and their limitrophe districts) which themselves have split into the three Little Entente States—Czechoslovakia, Roumania and Yugoslavia—and the two partners with Italy in the Rome Protocols of 1934, Austria and Hungary. Looming over all of them—indeed, over Italy as well—is

the political and economic shadow of the neo-Prussian *Drang nach dem Süd-osten*, a movement now powerfully reinforced by Dr. Schacht's astute process of converting Germany's blocked-mark debts into increased German exports in Central and South-Eastern Europe.

Dr. Schacher examines somewhat cursorily the Stresa, Tardieu and Curtius-Schober (Customs Union) "plans" for economic rehabilitation of Central Europe, and he does not mention that the British Government's insistence on "most-favoured-nation" rights blocked the Stresa plan. He shows (page 34) that the Little Entente Statute of 1933 provided for mutual assistance if League obligations were not carried out; that Italy and Hungary objected to this on the same grounds as those adduced by the Nazi Government in their objection this year to the similar Franco-Soviet Pact; but that they withdrew their objections owing to the clear compatibility of the Statute with the Covenant. On the economic plane he describes the problems of surplus agrarian and industrial productive capacity in each of the five Succession States, and rightly designates the agrarian as the key problem of the region. He also has interesting chapters on the composition and distribution of State debts, credit and currency policies, and the Danubian countries' shares in world trade.

Dr. Schacher concludes as follows:—

"The recovery of Central Europe is a necessary condition of the real resolution of the political and economic crisis in the world. But it is also necessary to recognise that any such process of recovery will never be achieved by resort to force, nor by giving a free hand to the destructive forces which are alive in the heart of the Continent. . . The firm determination of a world resolved on peace to prevent under all circumstances any intrusion of these destructive forces, is the first and most important condition for the recovery process."

Mr Wickham Steed also urges this conclusion on readers of Dr. Schacher's extremely interesting study.

* "Central Europe and the Western World." By Dr. Gerhard Schacher. London: Allen and Unwin. 223 pages. 10s. net.

SHORTER NOTICES

"Economics and Technology." By Ferdinand Zweig. P. S. King. 249 pages. 10s.

The effect of technical changes on economic life is one of the oldest problems in the literature of economic science. In this book Professor Zweig, of Cracow University, is mainly concerned with the familiar issues—the reactions on employment, wages and the distribution of the national income—but he also discusses the wider, sociological topic of what may be called the dynamics of technical change.

The book begins with a rather elaborate attempt to classify different types of technical change. After distinguishing three stages in the development of technology, Professor Zweig makes another division of inventions into three groups—"Progress in Productivity," "Progress in Quality" and "Progress in Novelty." As the terms imply, by the first is meant changes which enable the same commodity to be produced at lower cost; by the second that a commodity can be improved in quality; by the third that a new and hitherto unknown good can be produced for consumption purposes. It is claimed, without any convincing arguments, that only the first of these creates technological unemployment, the second being neutral and the third creating technological employment. After a further classification of productivity inventions, which is not really followed up at all, Professor Zweig examines the effects of these on employment and the distribution of income. He deals first with the so-called "compensation" problem—i.e. whether the impact of technical change in causing unemployment is offset or compensated by further effects in creating employment. Although some valuable points are made, the argument is not always logical and suffers badly from the omission of any reference to the monetary situation—a matter which is surely vital to the question of employment.

His treatment of the effects of inventions on distribution is also weak. He tends to compare the three separate questions of the effects on money wages, on real wages and on the relative share of income obtained by labour. He dismisses in a footnote the valuable technique developed by Mr J. R. Hicks and others for handling these problems and also provides evidence that he does not understand it at all. In the last part of the book he paints a gloomy picture of the actual consequences of technical progress. It leads, he says, to monopoly and thence to autarky, it increases inequality between classes and nations, it transforms modern warfare and thus "puts into man's hands a destructive weapon which, used with barbarity and brutality, may turn out to be the very weapon by which civilisation may perish." Are these evils really necessary concomitants of technical progress?

"Public Works in Prosperity and Depression." By Arthur D. Gayer. Published by National Bureau of Economic Research, New York. Macmillan, London. 460 pages. 12s. 6d.

This book will be more useful to those interested in the scope, and methods of financing, of public works in the United States than to those concerned with the wider problem of public works as an aid to economic stability. It was prepared for the National Planning Board of the American Public Works Administration and suffers somewhat, particularly in the theoretical chapters, from its official parentage. Not that Mr Gayer is unduly biased in favour of public works; he gives full weight to the difficulties. But he confines himself to stating the main problem, without attempting to reach very definite conclusions on it. The statistical and descriptive work, which occupies most of the book, is very complete and thorough.

"From Hegel to Marx." By Sidney Hook. Gollancz. 335 pages. 10s. 6d.

This book is to be welcomed as the first serious attempt in English to provide an account of the origins of Marxism. There exists in this country at the present moment a large and interested public, vaguely aware both of the colossal influence which the doctrines enunciated by Marx and interpreted by his disciples have had, whether by attraction or by repulsion, on human conduct in the greater part of the civilised (and in large sections of the uncivilised) world, and of its intrinsic value as a coherent and comprehensive system of thought. Professor Hook has already put us in his debt with an earlier book. In the present work he performs a work of critical investigation which has been made possible by the devoted labours of Marxist scholars like Mehring, Plekhanov, and Gustav Meyer.

He finally destroys the view prevalent among English socialists that Marx owed little to any thinkers save Hegel and Ricardo, and traces the course of his early intellectual development to

the point at which he finally found himself in the process of criticising the theories of his own former allies, Stirner, the Bauers, Ruge, Hess and Feuerbach, and of course, Hegel himself. The result is interesting and impressive, and does not, as do so many German works dealing with this period, leave one with the sense that the issues are unreal because the subjects under discussion are so many disguised logical figments. Professor Hook is, it must be admitted, an exceedingly pedestrian writer; but his scholarship is both wide and critical, his treatment of facts and theories scrupulous and skilful, and above all his erudition does not kill interest in the subject. This book is far and away the best account of an obscure and important subject at present available in English.

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- The 1936 Budget.* Issued by the Public Economy League. (London) Cobden-Sanderson. 25 pages. 3d. net.
- Economic Conditions in Maharashtra and Karnatak.* By Y. S. Pandit. (Poona) Tilak Swarajka Sangh. 213 pages. No price stated.
- The Gold Clause. Vol. II.* By A. Plesch. (London) Stevens and Sons, Ltd., 119 and 120 Chancery Lane, W.C.2. 44 pages. No price stated.
- Great Britain and Egypt, 1914-1936. Information Department Papers. No. 19.* (London) Royal Institute of International Affairs. Chatham House, St. James's Square. 67 pages. 2s. net.
- La Crise Économique dans le Monde et en France.* By B. Nogaro. (Paris) Librairie Générale de Droit et de Jurisprudence, 20, rue Soufflot. 352 pages. 35 frs.
- Études Économiques. Vol. I. Essai sur les Mouvements des Prix en France depuis la stabilisation Monétaire (1927-1935).* By J. M. Jeanneney. 257 pages. 30 frs.
- Vol. II. L'Évolution des Ententes Industrielles en France depuis la Crise.* By A. Piettre. 239 pages. 30 frs. (Paris) Librairie du Recueil Sirey.
- L'Équilibre Budgétaire en Grande Bretagne, 1930-1936.* By M. Fourré-Cormery. (Paris) Librairie Technique et Economique. 168 pages. No price stated.
- The Peace Settlement in the German-Polish Borderlands.* By Ian F. D. Morrow. (London) H. Milford. 558 pages. 25s. net.

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- The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2.
- Report of the Committee on Scottish Health Services.* Cmd. 5204 6s. net.
- Ethiopia No. 5 (1936): Reports and Correspondence regarding the Rescue and Relief of British and Foreign Nationals at Addis Ababa during the Disturbances of May 2 to 6, 1936.* Cmd. 5213. 4d. net.
- Guide to Current Official Statistics of the United Kingdom. Vol. 14, 1935.* 1s. net.
- Return Showing the Number of Persons in receipt of Poor Relief in England and Wales on the night of January 1, 1936.* 9d. net.

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MONEY AND BANKING

NEW ZEALAND'S EXPORTS AND THE BANKS

THE Labour Government in New Zealand has now held office for nearly a year and has completed the first stages of its economic and financial programme. It began by nationalising and extending the powers of the New Zealand Reserve Bank, itself a comparatively recent link in the chain of Empire central banks. The private shareholders have been bought out by the Government, which has also assumed the power of making fresh appointments to the board of directors. The Bank has been charged with the regulation and control of New Zealand's credit and currency and with the conduct of foreign exchange dealings. It may grant over-drafts for the purpose of financing the Government's marketing schemes. The Government's general borrowing powers have also been enlarged. Finally, power has been taken to raise the minimum balances which the trading banks must maintain with the Reserve Banks above the original ratios of 7 per cent. for demand liabilities and 3 per cent. for time liabilities.

Simultaneously, the Government has passed the Primary Products Marketing Act. This sets up a special department in connection with the purchase by the Crown of primary products, and with the marketing in New Zealand or overseas of primary products, whether or not they have been acquired on behalf of the Crown. Since August 1st the Act has been applied to dairy produce, which now becomes the property of the Crown as soon as it is placed on board any ship for export. The producer receives payment at prices fixed by Order-in-Council, and to enable these payments to be made an overdraft will be granted by the Reserve Bank on an account termed "The Dairy Industry Account." Any loss resulting from the re-sale of the dairy produce overseas will be borne by the Government. Up to July 31, 1937, the price payable to the producer will be fixed after taking into consideration the prices receivable in New Zealand during the eight or ten years before July 31, 1935. After that date, prices will be fixed after several other (undefined) factors have been considered. The scheme may be extended to the internal marketing of dairy produce and to other products.

It is clear that the Government has already assumed far-reaching powers in the economic and financial affairs of the Dominion. Along what lines will it exercise its powers? So far, the Government has shown a fair degree of moderation. The latest Reserve Bank statement reveals little change from the figures issued in the early part of this year, and the drop in the Bank's reserve ratio since last February, from 98.5 to 96.1 per cent., is insignificant. Under the new marketing scheme the price of butter has been fixed at 117s. 3d. per cwt., which is in reasonable relationship with the current London prices of 122s. for New Zealand and 128s. for Danish butter. It is apparently realised that New Zealand by no means possesses a monopoly in the British market. What is more open to question is whether the Government has realised the extent of the repercussions that may follow its entry into the Dominion's export trade. Some of these, with which the banking system of the Dominion is intimately concerned, were discussed at the last annual meeting of the Bank of New Zealand by Sir George Elliot, the chairman. Sir George's comments have an added weight by reason of the close connection that has existed for forty years between this trading bank and the Government, and from the fact that the Government has the right to appoint four out of its six directors.

An initial consequence of the Government's scheme will be the transfer of the financing of New Zealand's export trade in dairy produce from the trading banks to the Reserve Bank. This follows automatically from the opening of the new Dairy Industry Account, which will be overdrawn pending the shipment of produce to London and its sale there. Thus, the trading banks will lose an important part of their business. Sir George Elliot, naturally, finds in this

some ground of complaint, the more so as the trading banks have given consistent and invaluable assistance in the development of New Zealand's dairying industry. Sir George, indeed, hinted that the loss of this business might render unprofitable certain of the bank's branches, whose existence was dependent on the bank's dairy factory connections. Though Sir George Elliot naturally does not say so, such a development might impel the Government, either directly or through the Reserve Bank, to open its own branches. This might involve the Reserve Bank in the dual and incompatible businesses of central and commercial banking.

The future of New Zealand's foreign exchange market is also affected by the Government's new powers. The Reserve Bank is to exercise general control over foreign exchange operations. Within well-defined limits, such a function is not opposed to modern central banking practice. The Primary Products Marketing Act, however, suggests wider possibilities. Briefly, while the trading banks will still have to meet the foreign exchange requirements of importers and others of their customers, it would appear that the supplies of foreign exchange emanating from New Zealand's exports will tend to become concentrated in the hands of the Government and the Reserve Bank. The trading banks will no longer be able to replenish their London funds through their own daily business and that of their customers. Instead, they will need to apply to the Reserve Bank for sterling and other foreign exchange according to their needs. This, surely, will be the inevitable corollary of the extension of the Government's marketing schemes to cover all New Zealand's staple exports. Such a *dénouement* may still be some way off, but it is easy to see why the trading banks should already feel a certain uneasiness. Another possibility, of a more general character, is that, to the extent that the Government becomes the sole shipper, it may be tempted to sell in bulk and even to conclude special agreements with the Governments of importing countries. Such action might well enhance the modern tendency toward bilateral trade, which has flourished in proportion to the growth of world economic nationalism.

Finally, if the world market price moves one way, the Government will make a profit, while under less favourable circumstances it may incur a loss on its marketing operations. There is nothing morally wrong in this, but the Government may find itself blamed either for intercepting profits which should reach the primary producer, or alternatively for throwing any loss incurred on to the general taxpayer, which it will be alleged is tantamount to giving a subsidy to the primary producer. These are the political risks which await a Government which engages in trade, and their existence should be recognised in advance.

Some of these dangers may be remote. But the New Zealand Government is certainly navigating uncharted waters, and it should at least be willing to consider the possible consequences of its decision. To say this is not necessarily to condemn the Government's policy, root and branch, in advance. There is a case to be argued for closer Governmental control over national credit and exchange, and another for giving the New Zealand farmer an assured market for his produce. But there are dangers in combining central and commercial banking under one roof. French experience has shown how this can lead to serious monetary confusion. And is it entirely just to the trading banks to deprive them of part of what has hitherto been remunerative business and to expect them, nevertheless, still to provide complete banking facilities to customers at little or no direct cost? All things considered, the New Zealand Government might be well advised to temper natural zeal, at the outset, with circumspection, and, throughout, to avoid any crippling restriction of the scope of the existing machinery of commerce and finance.

THE ECONOMIST
TRADE SUPPLEMENT

New Series

SATURDAY, AUGUST 29, 1936

No. 159

THE STATE OF TRADE

THERE has been little evidence this year of the usual seasonal decline in business activity during the summer. There are no indications that the recovery movement has exhausted itself; on the contrary, the evidence suggests that business activity, backed by a liberal monetary policy and stimulated by increased armament expenditure, is still on the up-grade. Industrial costs are gradually rising, but so are industrial profits. Nor are there any grounds to expect a decline in profitability in the near future. Hence the outlook for the autumn is encouraging, provided the civil war in Spain does not spread across the borders.

Employment of insured workers aged 16-64 in Great Britain rose to the record level of 10,895,000 in July, an increase of 63,000 over June and one of 481,000 over the corresponding month last year. The improvement was fairly well spread geographically, the Midlands and Scotland being the only districts to show an increase in unemployment during the past month. But the incidence of recovery remains uneven. In London, South-Eastern and South-Western England and the Midlands the percentage of

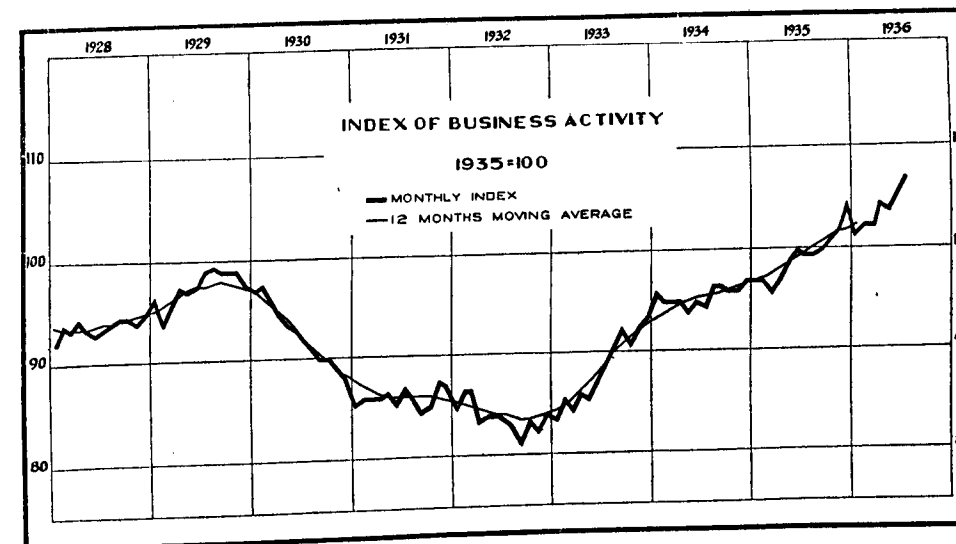
insured persons unemployed is now well below 10 per cent. On the other hand, the percentage of unemployed still exceeds 16 per cent. in North-Eastern and North-Western England as well as in Scotland and in Wales. The extent of the improvement in recent months is revealed by our index of business activity

continues at a high level. The value of plans passed for dwelling-houses by 140 local authorities last month was slightly lower than a year ago. This decline was more than offset by the doubling of plans passed for factories and workshops. The shipbuilding industry, though still depressed in comparison with other branches of activity, is also steadily gaining ground, unemployment showing a decline of 11.9 per cent. on the year. Business in the automobile industry is seasonally quiet, but production is remaining well above last year's level. Conditions in the coal-mining industry remain very patchy, but on the whole the position is better than a year ago, thanks mainly to increased home consumption.

Among consumers' goods industries the clothing and footwear trades showed a seasonal decline in employment last month. In the wool and cotton textile industries, on the other hand, activity has been maintained above last year's level. Retail sales continue to show improvement over the corresponding period a year ago, but the increased turnover last month was most marked in the case of food and

perishable articles.

Overseas, conditions are improving in most countries. The news from the United States remains encouraging, the trend of activity remaining strongly upwards. The usual summer recession in that country has been scarcely felt this year, for between June 15th and



July 27th more than a billion dollars of soldiers' bonus bonds were converted into cash. Stimulated by heavy expenditure on armaments, capital equipment industries in Germany continue to forge ahead, and the building industry is active; a shortage of skilled workers has consequently appeared in certain trades. Reports from Scandinavia continue satisfactory, and there are signs that even Switzerland is gradually gaining ground. Activity in Austria and Hungary is increasing, but in Belgium recovery has been slowed down by the recent increase in wages. The full effect of recent legislation in France has not yet made itself felt; meanwhile there is a good deal of uneasiness, and although devaluation is now considered inevitable, quotations for industrial securities have tended to decline during the past month.

Among Empire countries, South Africa reports continued progress, and business activity in Australia has been well maintained. In Canada the outlook has been somewhat obscured by the severe drought, but there has been a further expansion of industrial activity. The leading South American countries appear to be marking time at the moment. In the Far East, China's exports are steadily increasing, while in Japan business activity appears to have been well maintained. International trade, however, has made no headway in recent months. The index of the volume of world trade, calculated by the League of Nations, declined from 80.1 (1929=100) in the first quarter to 79.3 in the second quarter of 1936.

In fact, with the exception of the civil war in Spain, there are few clouds on the horizon at the moment. Commodity prices, especially those of raw materials and crude foodstuffs, have experienced a vigorous rise since last June, which should benefit producers of primary products in many countries. The improvement in confidence is revealed in the almost uninterrupted rise in the prices of industrial securities during the past month.

Reports from individual branches of activity are generally favourable. The heavy industries continue in the vanguard of recovery. The output of iron and steel has been well maintained, and August holidays had to be curtailed in some districts. The volume of orders is again showing signs of expansion in most departments of the industry. In engineering, the recent rate of progress is being maintained, and an encouraging feature of the past month was the fairly general rise in exports of machinery to a new post-depression record. Building activity also

HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of August. In the remainder they relate to the month of July.

COAL

The position of the industry showed little change in July, when the daily rate of production was about maintained at the June level. The month's output of 18,186,000 tons compared with 16,865,000 tons in June and 17,441,000 tons in July, 1935. The unseasonable weather was mainly responsible for the maintenance of the demand for house coal, a factor which has remained in evidence in recent weeks. Meanwhile, business in steam raising coal also continues active. Export business, however, shows no improvement, the volume of shipments last month being smaller than in July, 1935. Sales to Italy fell to zero last month—a factor which was alone more than sufficient to account for the decline in exports over the year. No improvement has been recorded in this section in recent weeks.

IRON AND STEEL

Although the position is a little easier than it was a month ago, activity is maintained on a high level. On a daily basis the production of both pig iron and crude steel in July showed a slight decline compared with the June figures. The month's output of pig iron totalled 661,100 tons, against 644,100 tons in June and 547,300 tons in July, 1935, while production of steel ingots and castings amounted to 974,100 tons, against 965,900 tons in June and 803,300 tons in the same month of last year. Meanwhile the strength of demand led to the curtailment of August holidays in some districts where works are operating at capacity. Imports, after declining slightly in June, rose steeply last month and were heavily in excess of the corresponding figure for 1935. The most encouraging feature of the July trade returns, however, was the recovery of British exports, railway material being one of the best items.

ENGINEERING

Progress was well maintained in July and a shortage of some classes of skilled workers was again reported from certain districts. A favourable feature of the past month was the high level of machinery exports—most categories of machinery showing improvement, which was well spread geographically. Sales of agricultural machinery are seasonally slack, but in almost all other sections headway is being made; machine tools and power equipment generally are particularly active. Meanwhile, the tendency of costs is still upwards, and it is reported that further wage claims are likely to be made in the near future. At present, however, the outlook for the industry remains favourable and the volume of orders on hand is sufficient to ensure the maintenance of activity at the present level for many months.

ELECTRICAL ENGINEERING

A further increase in orders received, both on home and export accounts, occurred last month. An encouraging feature was the receipt of orders from China, which appears to indicate a revival of confidence in that country.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1928—July	71	80	74
1929 "	90	151	106
1930 "	55	232	100
1931 "	62	142	80
1932 "	52	72	52
1933 "	56	86	62
1934 "	56	123	77
1935—July	101	123	109
August	85	122	99
September	71	135	93
October	70	141	93
November	79	150	102
December	89	141	106
1936—January	90	149	110
February	97	152	115
March	107	151	122
April	118	169	136
May	115	176	136
June	119	188	142
July	127	191	147

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

MOTOR INDUSTRY

Although some seasonal slackness is inevitable at this time of the year, activity continues above the level of a year ago. Thus the June output of private cars and of goods vehicles totalled 29,969 and 9,232 units, respectively, against 23,567 and 7,018 units in June, 1935. New registrations of private cars amounted to 24,803 in June, against 21,351 in the same month of last year. Meanwhile imports in July were again smaller than a year ago, while British exports showed a further expansion. Some 5,920

private cars were exported last month, compared with only 3,718 in the same month of last year. The outlook remains favourable.

CHEMICALS

The chemical market has been fairly quiet in most sections during July, owing partly to uncertain conditions on the Continent. Trade in wood distillation products, however, has been better than is usual at this time of the year. The finer grades of coal tar products remain difficult to obtain, but otherwise the market is steady. Overseas trade improved again during July, the value of exports being £122,732 greater than in July, 1935. For the first seven months of this year exports were lower in value by £118,326 than during the same period of 1935.

ELECTRICITY

GENERATION OF ELECTRICITY*

	Output mill. k.w.h.	Index 1929 = 100
1929	858	100
1930	910	106.0
1931	951	110.8
1932	1,020	118.9
1933	1,130	131.6
1934	1,288	150.0
1935	1,464	170.5
1935—July	1,216	141.6
August	1,189	138.5
September	1,320	153.8
October	1,650	192.2
November	1,758	204.9
December	1,929	224.8
1936—January	1,970	229.5
February	1,824	212.4
March	1,753	204.2
April	1,554	181.0
May	1,457	169.8
June	1,334	155.5
July	1,403	163.6

* By authorised undertakers in Great Britain

COTTON

Raw material prices have shown a sagging tendency, partly owing to a bearish American crop report. The position of the cotton textile industry showed little change in July, but the improvement over last year was well maintained. The percentage of spindles in full production at the end of July was unchanged at 79, against 70 at the same date a year ago. Export business in yarns and piece-goods has improved, the volume of shipments last month being well above the previous year's level. So far, however, the reduction in the Indian tariff has brought little benefit to Lancashire. Meanwhile, in the home trade unseasonable weather has adversely affected clearances of light summer materials and some houses have rather heavy stocks.

WOOL

Raw wool has been a firm market during the period under review and the position of the industry remains satisfactory. Despite some seasonal slackness, activity is above normal for the time of year. There was an improvement in the employment position in the woollen section last month, but a further slight decline in the worsted section. Home trade continues good and exports of woollen and worsted tissues in July were well above last year's corresponding figure. Shipments of tops and yarns, however, were lower than at this time last year. Meanwhile, the outlook for the autumn and winter trade appears to be good.

JUTE

Although the industry remains very depressed, some slight improvement was discernible during the past month. Inquiry has become more active, which may be of good augury for the future, but actual business is somewhat slow.

RAYON

Business in yarns shows a seasonal slackening, but the position remains generally satisfactory. Certain special types of weaving yarn are selling well and there is more activity in the hosiery section. Present indications are that business will be brisk from now until the end of the year.

LINEN

Raw material prices show a hardening tendency. Spinners and weavers have bought heavily during the past month owing to uncertainty regarding the flax crop in Russia and Belgium. Spindles and looms are well booked at least three months ahead. Sharp advances have been paid and prices are likely to rise further. Demand for damasks has improved and good business is being done in cambrics.

BOOTS AND SHOES

Employment registered a further slight decline last month, but remained moderately good for the time of year. Export business was better than in July, 1935.

POTTERY

Employment in North Staffordshire last month showed little change and was slack on the whole. At Bristol and Derby more active conditions prevailed.

AGRICULTURE

Corn crops are fair, but badly need sunshine. Harvesting has commenced in some areas, but is not yet general. The yield of both wheat and oats is at present forecast to be below, and that of barley approximately equal to, the average of the past ten years. Main crop potatoes promise an average yield. Yields of root crops are expected to be about average. Haymaking is very backward. The yield of both seeds and meadow hay is estimated to be below the ten-year average. The yield of hops is expected to be below average. Cattle and sheep have done fairly well, but need drier conditions. Milk yields generally have been maintained.

SHIPPING

A further improvement in the freight markets is reflected in the *Economist* index of whole cargo shipping freights (1898-1913 = 100), which rose by 2 per cent. to 92.4 in July, following a similar rise in the previous month. The River Plate market led

the upward movement, which seems likely to continue in the immediate future.

BUILDING

While unemployment was slightly higher in all districts last month, the position of the industry remains satisfactory. The *Economist* index of building activity rose to 109½ in July (1935 = 100), against a monthly average of only 57 in 1932, when the depression was at its worst. It must, however, be repeated that residential building has now probably reached its peak; during the first seven months of this year the Ministry of Labour building plan figures for residential purposes have been rather below the 1935 level. On the other hand, plans approved during the same period for other buildings were 26 per cent. in excess of last year's corresponding total. No fall in total building activity therefore seems probable in the near future.

RETAIL TRADE

The value of retail sales in July, according to the *Board of Trade Journal*, was 5.8 per cent. above the corresponding figure for 1935, the principal increases being in food and perishables (+ 9.4 per cent.) and furnishing departments (+ 11.1 per cent.). Sales of piece-goods and of men's and boys' wear, however, showed a decline. The improvement over 1935 was well spread geographically.

HOME TRADE STATISTICS—JULY, 1936

	June, 1936	July, 1936	Compared with July, '35	June, 1936	July, 1936	Compared with July, '35
UNEMPLOYMENT— (State Insurance %)	13.1	12.7	— 2.6			
PRODUCTION— Coal (million tons)*	4.0	4.0	+ 0.1			
Iron (thous. ")	644.1	661.1	+ 113.8			
Steel (" ")	965.9	974.1	+ 170.8			
FOREIGN TRADE— Imports (million £'s)	67.6	68.7	+ 7.0			
Re-exports	5.0	5.0	+ 1.0			
British Exports (" ")	32.1	40.1	+ 3.6			
TRANSPORT— Railway Receipts (thous. £'s)	2,983	3,494	+ 339			
Shipping Freights (av. level)†	77.8	79.4	+ 8.1			
COMMODITY PRICES (av. level)‡	70.2	71.7	+ 3.6			
TRADE DISPUTES (thous. working days loss)	191	83	— 31			
SECURITY VALUES (av. level)§	128.8	129.4	+ 3.0			

FINANCIAL DATA—

	June, 1936	July, 1936	Compared with July, '35
Bank of England Notes (Mill. £'s)*	433	445	+ 43
Bank Deposits (" ")*	2,155	2,170	+ 151
Bank Advances (" ")*	847	853	+ 78
Banks' Cash Ratio (%) (")*	10.1	10.0	— 0.9
Bank Clearings:			
London (Million £'s)*	723	741	— 41
Manchester (" ")*	8.9	10.3	+ 0.2
Three Months' Bank Drafts (Dis- count Rate %)*	4.4	3.3	+ 1.1
Day-to-Day Loans (%)*	4.4	3.3	+ 1.1

(*) 1913 = 100. (†) *Economist* Index No., 1927 = 100.
(‡) *Bankers' Magazine* Index No. of 365 securities; December, 1921 = 100. (§) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.
* Average weekly figures.

INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1935 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Twelve-Months Moving Average
1929	94	103	68	127	76	95	60	97	111	98	137	108	91	109	98	
1930	94	98	68	115	80	96	65	84	82	88	108	107	89	112	93	
1931	91	92	69	88	83	95	62	73	86	82	80	97	86	96	87	
1932	91	92	69	86	84	94	57	59	84	84	82	94	86	86	84	
1933	90	90	71	86	86	96	73	70	101	92	85	96	91	88	89	
1934	93	90	78	89	89	97	88	93	98	100	92	98	95	96	96	
1935	97	97	88	100	95	97	88	100	100	100	100	100	100	100	100	
1933—July	94	86	76	89	89	94	74	69	112	100	81	95	92	87	89	
August	94	88	76	80	90	95	76	74	113	110	86	95	90	85	90	
September	95	93	77	83	90	95	78	79	110	102	92	97	93	95	92	
October	95	90	78	94	91	96	79	75	97	98	90	97	93	93	91	
November	96	93	84	95	92	96	80	80	103	98	87	97	92	94	92	
December	96	95	86	99	92	98	80	94	96	96	86	97	93	95	93	
1934—January	96	106	84	97	93	97	81	84	104	107	91	103	96	98	96	
February	96	93	84	100	93	98	83	82	105	102	88	99	94	113	95	
March	97	99	86	99	94	96	86	84	92	92	90	99	95	103	95	
April	97	94	85	99	94	96	86	92	98	95	89	97	95	96	95	
May	97	94	83	98	95	95	88	92	103	103	93	96	94	84	94	
June	97	91	90	101	95	95	89	92	101	107	91	98	94	85	95	
July	97	91	90	98	96	95	90	93	98	114	89	98	93	89	96	
August	98	92	87	102	97	96	90	90	98	101	101	98	94	89	96	
September	98	95	88	102	97	96	91	94	89	98	95	95	96	91	96	
October	98	97	89	100	95	97	93	89	87	89	93	97	95	114	96	
November	98	99	94	98	95	97	93	96	97	94	93	97	95	100	97	
December	98	93	87	99	95	101	92	96	98	98	95	95	98	110	97	
1935—January	98	96	92	103	98	98	93	98	85	95	95	95	98	110	97	
February	98	96	92	99	98	95	94	92	91	104	97	97	96	94	97	
March	98	92	93	98	99	96	97	94	85	98	97	96	97	92	96	
April	99	98	97	97	99	101	98	92	90	100	81	99	97	97	97	
May	99	99	99	99	99	100	99	93	96	100	97	100	99	100	99	
June	99	102	99	100	99	98	98	96	100	102	106	100	104	99	99	
July	100	99	97	99	99	98	99	93	112	108	96	100	104	99	99	
August	101	94	96	88	100	99	100	104	100	100	97	100	100	98	99	
September	101	92	99	100	100	101	102	105	96	102	102	98	99	96	101	
October	101	100	98	100	101	99	103	102	106	106	99	101	99	96	102	
November	101	105	101	101	101	100	105	102	99	117	99	103	103	112	104	
December	101	104	102	103	101	100	108	113	99	117	99	103	103	112	104	
1936—January	101	107	104	104	103	101	106	117	106	98	92	98	98	91	101	
February	102	100	108	102	104	101	107	115	100	99	102	100	99	93	102	
March	102	98	105	105	104	102	107	126	110	100	100	99	100	94	102	
April	103	103	111	108	104	102	106	112	112	101	101	98	101	97	104	
May	103	103	107	105	105	102	107	116	110	109	99	100	103	96	104	
June	104	107	107	103	105	109	121	119	120	121	98	102	104	104	106	
July	104	105	109	103	105	103	109	123	120	122	107	101	104	97	107	
Source: The Economist dated July 25, 1936. r. Revised. p. Provisional.																

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—Employment, internal trade, overseas trade and secondary industries all show an improvement over last year, states a cable from the National Bank of Australasia. Building and associated trades remain active, iron and steel industries being further developed. The Stock Exchanges have had a firm tone. Both imports and exports have been running above the previous year's level and the active trade balance has improved.

South Africa.—Farming conditions show little change, though wheat prospects have improved as a result of recent rains, states a cable from the Standard Bank. Maize prices show a hardening tendency. Meanwhile, wholesale and retail trade remain good and building activity is well maintained. Railway earnings continue above Budget estimates. Imports and total exports in July amounted to £7,489,000 and £9,429,000, respectively, against £6,574,000 and £8,535,000, respectively, last year.

Canada.—The general improvement in mining, manufacturing and distribution has been well maintained. The output of central electrical stations has established a new record. Steel, paper, and automobile production, electrical apparatus, textiles and food-stuff manufacturing concerns all report better conditions than in 1935. The outlook has recently been obscured by the effects of the drought, but the continued buoyancy of grain prices should restore the purchasing power of the prairie provinces.

India.—Heavy rains have fallen in most parts of the country, and the condition of the crops is generally satisfactory. The final all-India estimate places the yield of the 1935-36 wheat crop at 9,435,000 tons, against a revised figure of 9,728,000 tons for last year. The acreage under cotton shows a rise of 3 per cent. on last year's figure. Merchandise imports amounted to 10,08 lakhs of rupees in July, against 10,06 lakhs in July, 1935, and exports to 14,42 lakhs, compared with 12,07 lakhs.

EUROPE

France.—The full effect of the legislation passed by M. Blum's Government cannot be precisely assessed as yet. Although the country is outwardly calm, there is a good deal of uneasiness concerning business prospects. Devaluation in some form is now widely regarded as inevitable. Under normal circumstances this should pave the way for recovery. But the view is held that the adjustment may not be accomplished without a political crisis, and this explains the downward trend of the prices of industrial securities during the past month. Meanwhile both wholesale and retail prices are rising, and the number of persons in receipt of unemployment benefit is still appreciably higher than a year ago.

Germany.—The trend of business activity in Germany remains upwards. The index of industrial production of the German Institute for Business Research rose from 107.5 (1928 = 100) in May to 108.6 in June, compared with 93.7 in June, 1935. The improvement continued most marked in the capital equipment trades, stimulated by heavy expenditure on armaments. During July unemployment, as officially recorded, fell from 1,314,700 to 1,170,000, compared with 1,754,000 a year ago. The expansion of activity during the past twelve months has been accompanied by an increase of about 8½ per cent. in the volume of money in circulation. Both imports and exports in July were higher than a year ago, the excess of exports over imports rising from Rm. 29 millions to Rm. 49 millions. Wholesale and retail prices are scarcely changed on the month, but the improvement in quotations for industrial securities has not been fully maintained.

Austria.—A further improvement in the economic situation occurred in July. The heavy industries were particularly active, mainly in consequence of the Government's armament programme. The improvement is reflected on the Stock Exchange, which has recently displayed a firm tone. Meanwhile, tourist traffic is expanding and the National Bank's reserves of foreign exchange have consequently increased.

Hungary.—The continued progress of recovery is reflected in the national accounts for the year ended June 30, 1936. The Budget deficit for this period amounted to 18 million pengő, against almost 43 millions in the previous year. After seven years of uninterrupted deficits, budgetary equilibrium is once more in sight. Meanwhile crop reports are good and foreign trade is on the up-grade.

Norway.—Bank deposits suffered a sharp decline during the past month, the note circulation rose, and bond prices showed a sagging tendency. On the other hand, foreign trade continued above the 1935 level. Employment showed some improvement and the index of production was rather better last month. Shipping, however, suffered from trade restrictions in the Mediterranean and laid-up tonnage rose by some 120,000 tons.

Switzerland.—Although recovery is still far away, the business position is rather more encouraging than at the beginning of the year and prospects seem a little brighter. The principal export industries have done better this year than last. Although the total of foreign trade has been smaller this year than in 1935, the import surplus has been reduced. The half-yearly reports of the Swiss banks reveal an increase in commercial business.

UNITED STATES OF AMERICA

There have been few signs this year of the usual seasonal decline in business activity during the summer. The *New York Times* business index rose from 85.8 during the first week in August, 1935, to 101.4 and 103.0, respectively, during the first weeks of July and August this year. The absence of the usual summer recession may be partly traced to the soldiers' bonus, more than a billion dollars of bonds having been converted into cash between June 15th and July 27th. At the same time recovery during the last few months has been so vigorous and embracing more and more branches of activity that there is little fear of a renewed recession of any magnitude during the remainder of the year.

AMERICAN TRADE STATISTICS—JULY, 1936

	June 1936	July 1936	Compared with July '35
EMPLOYMENT —(1923-25 = 100)†	86.3	...	+ 6.9½
PRODUCTION —			
Bituminous coal (Thous. tons)	29,300	32,113	+ 9,861
Pig-iron { " " }	2,586	2,594	+ 1,074
Steel { " " }	3,985	3,923	+ 1,653
Steel Corporation—shipments (Thous. tons)	886	951	+ 403
Building permits (Thous. \$)	112,640	95,282	+ 41,090
FOREIGN TRADE —			
Imports (Thous. \$)	192,233	...	+ 35,477
Exports (")	185,188	...	+ 14,993½
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	697	706	+ 149
SECURITIES —			
30 industrial stocks—			
Highest quotations†	160.66	167.01	+ 40.45
Lowest quotations†	149.26	155.60	+ 36.91
Thous. shares sold during month—			
(New York)	22,340	34,787	+ 5,358
Capital issues excl. refunding (Thous. \$)	217,270	102,769	+ 24,357
BANK DEBITS —			
New York (Million \$)	18,623	16,200*	— 537
Other cities (")	18,882	18,599*	— 1,942
RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$)	73,568	69,747*	+ 19,102

* Preliminary estimates made by Messrs Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partly estimated. || Compared with June, 1935.

LATIN AMERICA

The British Government has given notice to terminate the existing trade treaty with Argentina in November next, but negotiations continue for a new agreement. Argentine trade figures for the first half of the year are disappointing, showing a decided contraction in both imports and exports. Due, however, to the North American drought and better local weather conditions, there has been a swing-round to optimism in Argentina, grain prices having advanced appreciably. The rise in Brazilian coffee prices has not been accompanied by any considerable increase in business, there being a scarcity of orders from abroad; possibly the rise in prices is due to official intervention and support of the exchange market. Exchange difficulties continue in Chile, notwithstanding some slight expansion in the supply of sterling and United States dollars. On the other hand, trade with Germany is increasing, that country having replaced the United States as the chief supplier of goods to Chile. Exchange control was re-applied in Ecuador as from July 31st. The Central Bank is now the sole buyer and seller of exchange and imports will be controlled by the Central Bank through a permit system.

THE FAR EAST

The tendency for the growth of Japanese imports to outstrip that of exports, noticed in the first half of the year, was reversed in July. Imports during that month amounted to 215 million yen, against 211 millions in the same month of 1935, while exports totalled 230 million yen, against 215 millions a year earlier. Meanwhile, the business position shows few new features. Raw silk prices have been buoyant during the past month, while the rayon and rice markets have been firm; cotton yarn has, however, turned dull. The Stock Exchange has had a quiet tone, and wholesale prices have been tending upwards. In China conditions remain very disturbed. According to the official figures—which, of course, cannot take account of the volume of smuggling—China's imports amounted to 74.92 million dollars in July, against 64.32 millions in July, 1935; exports were 60.45 million dollars, against 45.96 millions in the same month of last year.

STATISTICS

In the following tables we give trade and other statistics for many countries of the world as far as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the *Monthly Statistical Bulletin of the League of Nations* (published by George Allen and Unwin, Ltd.).

PRODUCTION (Thousands of Metric Tons)

COAL														LIGNITE		
Period Monthly Average	United Kingdom	Belgium	Czecho- slovakia	France	Germany	Nether- lands	Poland	U.S.S.R.	Canada	South Africa	British India	Japan	United States	Czecho- slovakia	Germany	Hun- gary
	<i>d</i>		<i>h</i>		<i>g</i>	<i>m</i>				<i>i</i>	<i>e</i>			<i>k</i>	<i>g</i>	
1913	24,337	1,903	1,189	3,338	15,842	156	748	...	1,037	685	1,311	1,776	43,088	1,927	7,269	460
1929	21,837	2,245	1,377	4,482	13,620	965	3,853	3,472	1,023	1,052	1,893	2,855	46,026	1,880	14,538	587
1932	17,717	1,785	913	3,856	8,728	1,063	2,403	5,358	625	805	1,581	2,338	27,183	1,322	10,218	494
1933	17,525	2,107	878	3,906	9,141	1,048	2,283	6,020	645	872	1,526	2,710	28,967	1,255	10,566	492
1934	18,708	2,199	898	3,967	10,465	1,028	2,436	7,792	801	992	1,703	2,755	31,398	1,272	11,440	517
1935	18,877	2,207	914	3,851	11,918	990	2,395	8,652	776	1,104	1,765	2,909	31,576	1,269	12,282	560
1935—July	17,721	2,243	811	3,770	11,985	1,058	2,385	8,698	813	1,187	1,584	2,760	23,394	1,170	11,812	456
August	17,167	2,245	890	3,690	12,098	973	2,337	8,671	748	1,224	1,410	2,599	26,039	1,226	12,343	516
September	18,007	2,198	1,004	3,710	11,978	957	2,544	8,560	771	1,110	1,661	2,760	26,365	1,280	12,614	571
October	20,152	2,402	1,087	4,146	13,455	1,081	2,826	9,722	923	1,178	1,688	3,086	37,168	1,409	13,814	738
November	20,605	2,205	1,115	3,987	13,178	991	2,536	9,004	876	1,137	1,738	3,145	32,722	1,463	13,751	749
December	19,988	2,283	1,055	3,915	13,049	1,011	2,497	10,781	774	1,119	1,836	3,279	35,788	1,416	13,471	701
1936—January	21,905	2,527	1,000	4,087	13,679	1,056	2,260	10,267	771	1,142	2,136	3,148	37,467	1,275	12,389	572
February	19,955	2,337	990	3,855	12,626	960	2,167	10,613	729	1,183	1,907	3,434	30,330	1,230	12,387	523
March	20,303	2,470	916	3,956	12,872	1,016	2,147	10,613	729	1,183	1,907	3,434	30,330	1,230	12,387	523
April	18,195	2,435	916	3,956	12,872	1,016	2,147	10,613	729	1,183	1,907	3,434	30,330	1,230	12,387	523
May	18,994	2,319	859	3,870	12,156	979	2,053	9,377	829	1,206	1,854	3,091	31,483	1,250	12,013	473
June	17,136	1,359	890	3,434	12,300	985	2,064	9,495	850	1,241	1,683	...	30,275	1,137	12,589	452
July	18,400†	...	...	...	...	...	...	9,959	...	...	...	...	33,000†	...	...	...

PIG IRON

Period Monthly Average	United King- dom	Bel- gium & Luxem- burg	France	Saar	Ger- many	Sweden	U.S.S.R	Canada	United States	United King- dom	Bel- gium & Luxem- burg	France	Saar	Ger- many	Sweden	Canada	United States
	b	a			g						a			g			e
1913	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	82	88	2,584
1929	843	579	864	175	1,117	41	362	92	3,580	816	567	808	184	1,354	60	117	4,599
1932	303	392	461	112	328	22	521	12	735	445	395	470	122	479	44	29	1,128
1933	349	388	527	133	439	27	597	19	1,119	555	383	544	139	632	53	35	1,913
1934	506	405	513	152	728	44	867	35	1,348	750	407	514	152	990	73	64	2,139
1935	544	411	482	...	1,045	47	1,042	51	1,778	833	405	522	...	1,342	77	79	2,824
1935—July	556	420	486	...	1,093	39	1,096	51	1,545	816	409	545	...	1,448	71	87	2,307
	552	413	479	...	1,145	45	1,085	55	1,789	772	406	538	...	1,498	82	84	2,966
	553	387	474	...	1,113	41	1,046	55	1,801	870	368	522	...	1,378	76	92	2,875
	558	409	492	...	1,198	47	1,077	46	2,010	922	404	557	...	1,551	85	97	3,166
	538	416	469	...	1,196	44	1,020	66	2,098	918	412	508	...	1,433	82	96	3,204
1936—November	568	426	506	...	1,194	49	1,151	72	2,140	925	421	560	...	1,442	81	100	3,131
	605	429	508	...	1,279	47	1,140	62	2,059	926	428	561	...	1,585	77	102	3,098
	594	419	500	...	1,251	45	1,109	57	1,857	954	422	538	...	1,490	76	95	3,016
	644	433	513	...	1,211	52	1,215	55	2,442	1,007	422	571	...	1,467	87	103	3,400
	640	424	524	...	1,228	50	1,247	60	2,691	978	417	609	...	1,569	82	96	4,006
	672	432	554	...	1,241	42	1,167	57	2,628	981	304	505	...	1,631	62	84	4,111
	654	327	470	...	1,312	...	1,198	...	2,638	990	...	...	...	...	...	...	3,936
July	672	...	...	...	1,312	...	1,198	...	2,638	990	...	...	...	...	...	...	3,936

a Figures for Luxembourg communicated by the "Groupement des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since 1921, excluding Ireland. e British Provinces only. f Establishments whose production in 1933 amounted to 99.39% of the total. g Excluding Luxembourg. h Since 1922, excluding Polish Upper Silesia. i Since March, 1935, Saar Territory included with Germany. j Coal sold. k Until end 1928 saleable coal. m Including coal waste. n Provisional.

WHOLESALE PRICES

Monthly Average	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Holland	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economist																
1913	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1929	127.2	85.1	100	100	150	627	137.2	100	481	149	96.3	100	140	141.2	165.7	141	149.4	116.0
1932	85.6	86.1	532	74.5	117	427	96.5	64.8	810	122	65.5	100	109	96.0	129.7	81	104.2	91.5
1933	85.7	86.9	501	72.2	125	398	93.3	63.1	2283	122	59.1	96.5	107	91.0	129.5	87	104.8	91.5
1934	88.1	90.3	473	74.1	132	376	98.4	63.2	276	124	55.8	98.5	114	89.8	135.2	89	111.8	101.7
1935	88.9	94.3	537	77.2	134	339	102.0	61.7	...	127	53.1	100.8	116	89.8	135.1	91	112.6	94.8
1935—July	88.0	93.7	553	77.2	131	322	101.8	60.8	319	127	52.9	99.0	116	89.9	135.9	91	111.7	95.0
August	88.4	93.0	552	77.2	134	330	102.4	61.0	329	128	53.6	99.5	115	91.4	137.8	89	111.9	...
September	89.6	93.0	560	77.0	137	333	102.3	62.0	337	128	54.2	99.8	115	92.3	137.4	89	113.0	...
October	91.1	98.5	574	77.5	139	342	103.0	63.5	348	130	54.5	100.7	117	93.3	137.8	93	114.3	96.1
November	91.2	98.2	582	77.4	139	348	103.2	62.9	...	131	52.6	103.3	118	91.9	134.1	93	113.6	...
December	91.4	98.3	578	77.9	139	354	103.8	62.6	...	131	52.1	101.8	118	91.0	135.5	92	114.0	99.5
1936—January	91.8	98.1	581	77.1	139	359	103.8	62.2	...	132	52.2	101.1	118	90.8	134.7	91	113.4	...
February	91.7	97.4	582	77.3	139	371	103.7	61.7	...	132	52.1	101.5	118	90.8	136.6	91	113.2	...
March	91.7	97.4	574	77.0	139	376	103.8	61.7	...	132	53.0	101.1	118	91.9	139.2	92	112.6	99.8
April	91.7	97.4	578	77.0	139	370	103.9	61.3	...	132	53.7	...	118	92.0	139.9	90	112.2	...
May	91.9	97.4	574	77.0	139	371	103.9	61.2	...	132	53.8	...	118	92.1	140.0	90	112.9	96.4
June	92.6	96.6	570	76.6	138	378	104.1	61.8	...	132	...	...	...	93.0	...	...	...	...
July	93.7	95.6	576	...	140	392	...	62.5	...	132	...	...	...	119	...	...	...	...
a. Following month. c. Official. f. Second half of month. h. 1914.																		

FINANCE

Notes in Circulation—(000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Jugoslavia	Netherlands
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Reichsbank Notes	"Rentenbank" Notes	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Leva	Koruna	Kron.	Markat	Francs	Reichsmark	Rentenmks.	Drachmas	Pengö	Gulden
1913.....	29-6	...	1,067	189	...	152	113	5,714	2,742	...	245	...	313
1914.....	369-8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	...	5,193	501	518
1915.....	364-2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	...	4,003	423	1,023
1916.....	371-2	914	18,135	2,635	6,267	332	1,085	85,028	3,560	...	4,714	353	962
1917.....	392-0	952	17,093	2,984	5,906	375	1,184	82,613	3,645	...	5,449	369	912
1918.....	405-2	964	17,650	2,449	5,640	386	1,277	83,412	3,901	...	5,686	381	912
1919.....	424-5	976	20,583	2,497	5,761	384	1,381	81,150	4,285	...	5,988	417	909
1920.....	396-9	937	20,153	2,152	5,780	378	1,328	82,099	3,895	...	5,417	375	808
1921.....	408-3	942	20,397	2,133	5,454	361	1,310	81,128	3,878	...	5,366	376	809
1922.....	399-6	963	20,576	2,266	5,524	375	1,317	82,240	4,032	...	5,493	391	785
1923.....	398-2	953	20,702	2,408	5,730	368	1,336	82,399	4,143	...	6,078	389	819
1924.....	399-9	963	21,035	2,413	5,715	387	1,302	83,306	4,159	...	6,215	412	789
1925.....	401-3	978	20,792	2,303	5,589	384	1,319	82,447	4,186	...	5,910	393	838
1926.....	424-5	978	20,583	2,497	5,761	384	1,381	81,150	4,285	...	5,988	417	909
1927.....	397-1	926	20,505	2,177	5,208	365	1,342	81,503	4,098	...	5,814	391	757
1928.....	399-9	931	20,362	2,113	5,210	375	1,445	81,239	4,177	...	5,521	393	750
1929.....	406-5	929	20,817	2,293	5,413	371	1,520	83,197	4,287	...	5,670	391	781
1930.....	416-9	952	21,274	2,252	5,509	382	1,546	82,557	4,348	...	5,791	390	766
1931.....	426-1	958	21,418	2,247	5,482	392	1,501	84,705	4,430	...	5,641	385	763
1932.....	434-8	964	22,768	2,453	5,701	381	1,465	85,106	4,389	...	5,608	393	767
1933.....	448-6	952	22,910	2,304	5,426	373	1,460	85,892	4,471	...	5,396	396	748

Period	Italy	Norway	Poland	Roumania	U.S.S.R.	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	State Notes	Bank Notes	Bank Notes	State Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes
	£	£	Kroner	Zloty	Leu	Gd. Rbls.	Rbls.	Kronor	Francs	£	Dollars	Dollars	Yen
1913.....	42,284	499	108	...	437	...	234	314	...	...	...	...	428
1914.....	16,774	80	318	1,340	259	1,124	1,028	1,501	569	42-2	359	4-8	1,843
1915.....	14,295	...	334	1,218	241	23,750	2,370	2,784	588	1,609	48-2	303	1,436
1916.....	13,672	...	315	1,003	332	21,594	2,922	2,925	588	1,611	45-0	306	1,436
1917.....	13,243	...	327	1,004	342	21,219	3,069	3,433	648	1,510	45-1	304	1,436
1918.....	13,145	...	323	981	384	22,307	...	3,499	708	1,440	45-2	340	1,436
1919.....	...	...	348	1,007	404	23,127	...	786	1,366	46-4	211	12-0	1,436
1920.....	13,029	...	332	948	390	21,281	...	718	1,307	41-5	198	11-6	1,376
1921.....	13,858	...	330	932	396	21,234	...	685	1,281	41-4	191	11-4	1,306
1922.....	14,095	...	330	983	415	21,751	...	722	1,283	41-4	202	11-9	1,306
1923.....	15,271	...	331	981	406	21,993	...	771	1,317	41-7	208	11-7	1,306
1924.....	15,456	...	329	1,047	417	22,430	...	743	1,325	42-0	217	11-6	1,306
1925.....	15,490	...	331	1,034	412	22,329	...	738	1,323	42-6	219	12-2	1,306
1926.....	...	...	339	959	386	22,298	...	786	1,366	44-4	211	12-0	1,306
1927.....	...	...	346	979	408	22,127	...	756	1,274	42-4	200	12-2	1,306
1928.....	...	...	357	979	397	23,056	...	795	1,319	42-3	203	13-6	1,306
1929.....	...	...	364	1,010	399	22,401	...	780	1,311	42-7	204	13-1	1,306
1930.....	...	...	366	1,061	414	21,983	...	773	1,302	41-9	209	15-0	1,306
1931.....	...	...	378	1,019	403	...	...	792	1,301	...	211	14-2	1,306
1932.....	...	...	382	998	409	...	...	780	1,292	...	...	...	1,306

a Until November, 1923, including State notes, then transferred to Bank of Canada. b Prior to March, 1935, including Dominion notes then transferred to Bank of Canada. c Net issue. d In terms of new lire = 8,373 millions. e Gross issue. f Since January, 1934, excluding gold coin. g Since 1920, including Austria-Hungarian and other notes converted after the war into National Currency. h Since 1926, excluding notes held by the State Bank. i In terms of new francs. j Since May, 1922, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes in October, 1926.

LONDON RATES OF EXCHANGE

	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Oslo	Copenhagen	Berlin	Vienna	New York	Buenos Aires
	Francs to £1	Belgas to £1	Lire to £1	Francs to £1	Pesetas to £1	Florins to £1	Kronor to £1	Kroner to £1	Kroner to £1	Marks to £1	Schillings to £1	Dollars to £1	Pence to £1
Par level	124.21	35.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159	20.43	34.58	4.86½(a)	19.82½
Highest, 1935	75.50	29.53	66.00	15.40	36.50	7.43½	19.45	19.95	22.45	12.39	27.50	4.98	18.83
Lowest, "	70.56½	19.95	65.62½	14.33	34.00	6.87	19.35	19.85	22.35	11.57	24.25	4.71½	17.40
Beginning of—													
July, 1914	25.15	125.35	25.25½	21.16½	26.10	12.11½	18.30	18.25	18.30	20.49½	34.52	4.87½	19.82½
January, 1928	124.00	34.92	92.82½	25.27½	28.24	12.09½	18.11½	18.94½	18.20½	20.45½	34.52	4.87½	19.82½
January, 1929	124.10½	34.88	92.84	25.18½	28.24	12.08	18.13	18.19	18.17½	20.38½	34.44½	4.85½	19.82½
January, 1930	123.91	34.88	92.22	25.13½	36.62½	12.05½	18.13½	18.20½	18.20½	20.43½	34.65½	4.87½	19.82½
January, 1931	123.66	34.76	92.74	25.04	46.80	12.05½	18.13½	18.19	18.16½	20.43	34.48½	4.85½	19.82½
January, 1932	126.97½	24.37	66.62	17.37	40.18	8.44½	17.75	18.25	18.16½	14.00	30.00	3.88½	18.05
January, 1933	85.50	24.06	65.12	17.34	40.90	8.31½	18.37½	19.40½	18.12½	14.25	28.50	3.88½	18.05
January, 1934	83.00	23.86	61.24	16.79	39.53	8.09½	19.40	19.90	19.12½	14.00	28.50	3.88½	18.05
January, 1935	74.68½	21.02½	57.62	15.22	36.06½	7.29	19.40	19.90	22.40	12.28	28.50	3.88½	18.05
January, 1936	74.43	20.24	61.25	15.15	35.83	7.25½	19.40	19.90	22.40	12.24	28.50	3.88½	18.05
May "	75.01½	29.22½	62.75	15.20	36.21	7.29	19.40	19.90	22.40	12.24	28.50	3.88½	18.05
June "	75.85½	29.56½	63.43½	15.47	36.62	7.40	19.40	19.90	22.40	12.28	28.50	3.88½	18.05
July "	75.68½	29.68	63.81½	15.32	36.56	7.36½	19.40	19.90	22.40	12.41½	28.75	4.99½	18.05
August "	76.15	29.76	63.62½	15.37	37.12½	7.38½	19.40	19.90	22.40	12.46½	28.75	5.01½	18.05
	Rio de Janeiro	Monte Video	Valparaíso	Bombay	Hong Kong	Shanghai	Kobe	Singapore					
	Pence to Milreis	Pence to Dollar	Pesos to £1	Pence to Rupee	Sterling to Dollar	Sterling to Tael	Sterling to Yen	Sterling to Dollar					
Par level	16	51	40.00	s. d. 1 6	s. d. 1 3	s. d. 1 2½	s. d. 2 0½	s. d. 2 4½					
Highest, 1935	2.50	18.88½	128	1 6½	1 3½	1 2½	2 1	2 4					
Lowest, "	3.50	22.50	115	1 6½	2 8½	1 10½	1 2½	2 4½					
Beginning of—													
July, 1914	16 ½	51 ½	40 00	1 3½	1 10½	2 6½	2 0½	2 4½	New York.				
January, 1927	5 ½	50 ½	39.65	1 6½	1 11½	2 5½	2 1½	2 3½	July, 1935	Dollars to £1.	4.98½	4.93½	4.95½
January, 1928	5 ½	51 ½	39.35	1 6½	2 0	2 7½	2 1½	2 3½	June, 1936		5.04½	4.98½	5.02½
January, 1929	5 ½	51 ½	39.64	1 6½	2 0 ½	2 7 ½	2 1½	2 3½	July, 1936		5.03½	5.01½	5.02½
January, 1930	5 ½	51 ½	39.60	1 5½	1 8	2 7 ½	2 0 ½	2 3½	Paris.				
January, 1931	4 ½	35 ½	39.89	1 5½	1 4 ½	1 5	2 0 ½	2 3½	July, 1935	France to £1.	75.18½	74.37½	74.81½
January, 1932	4 ½	31 ½	28.00	1 5½	1 1½	1 5	2 0 ½	2 3½	June, 1936		76.62½	75.62½	76.15½
January, 1933	5 ½	30 ½	...	1 6½	1 5½	1 11½	2 1½	2 4½	July, 1936		76.21½	75.62½	76.88½
January, 1934	4 ½	35 ½	...	1 6½	1 5½	1 7½	1 3	2 3½	Amsterdam.				
January, 1935	3 ½	22 ½	117	1 6½	1 8½	1 5	1 2	2 4½	July, 1935	Florins to £1.	7.43½	7.22	7.29
January, 1936	2 ½	22 ½	127	1 6½	1 8½	1 5	1 2	2 4½	June, 1936		7.47	7.36	7.41
January, 1936	2 ½	22 ½	131	1 6½	1 8½	1 5	1 2	2 4½	July, 1936		7.39½	7.35	7.37
May "	2 ½	22 ½	131	1 6½	1 8½	1 5	1 2	2 4½	Berlin.				
June "	2 ½	22 ½	136	1 6½	1 8½	1 5	1 2	2 4½	July, 1935	Rchmks. to £1.	13.50	12.80	13.09
July "	2 ½	22 ½	130	1 6½	1 8½	1 5	1 2	2 4½	June, 1936		12.53	12.45	12.45
August "	2 ½	22 ½	180	1 6½	1 8½	1 5	1 2	2 4½	July, 1936		12.48	12.49	12.44

CAPITAL ISSUES.—(000,000's omitted)

Period	United Kingdom	Austria	Czechoslovakia	France	Germany	Italy	Netherlands	Poland	Roumania	Sweden	Switzerland	British India	Japan	United States
Monthly Average	£	Schilling	Koruna	Francs	Mark	Lire	Gulden	Zloty	Lei	Kronor	Francs	Ruppes	Yen	Dollars
1913	16.3	...	...	...	60	23	13	...	20	18	...	56	45	...
1929	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	63	222	849	...
1931	8.5	3.1	42	1,382	65.2	361	20	6.4	210	28	48	27	261	259
1932	15.7	4.9	27	511	12.3	304	31	11.6	37	11	32	33	318	99
1933	20.4	17.9	21	300	7.3	...	...	3.0	47	8	15	...	551	60
1934	14.1	...	...	...	...	...	...	...	...	...	...	...	...	118
July-Sept. 1935	9.4	9.0	13	306	8.5	531	2	1.1	115	9	11	27	425	147
Oct.-Dec. 1935	14.5	...	...	...	...	...	...	...	...	...	...	...	...	123
Jan.-Mar. 1936	9.1	...	...	...	...	...	...	...	...	...	...	...	...	83
Apr.-June 1936	11.6	...	...	...	...	...	...	...	...	...	...	...	...	78
January 1936	33.7	...	...	...	...	...	...	...	...	...	...	...	...	123
February	17.1	...	...	...	...	...	...	...	...	...	...	...	...	231
March	11.1	...	...	...	...	...	...	...	...	...	...	...	...	130
April	10.3	...	...	...	...	...	...	...	...	...	...	...	...	176
May	17.0	...	...	...	...	...	...	...	...	...	...	...	...	112
June	10.1	...	...	...	...	...	...	...	...	...	...	...	...	217
July	19.1	...	...	...	...	...	...	...	...	...	...	...	...	103

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of Rountania and Czechoslovakia. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and conversions are excluded. *c* Excluding Treasury Bills. *d* Excluding large railway issues. *e* "Rivista Bancaria." *f* Issues exceeding £10,000 on the Dutch market including Colonial, and since Jan. 1925, foreign issues. *g* Since 1924, excluding amalgamations and conversions. *h* Until end 1922 paper mark. *i* "Société de Banque Suisse." *j* Figures of net amount of new capital paid-up. *k* Compiled by "Commercial and Financial Chronicle." *l* Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.)

End of Month	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1921—June	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1927—June	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6
1928—June	10.7	0.6	13.5	8.2	4.4	14.4	7.6	11.2	3.2
December	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.6
1929—June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—June	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6
December	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.9	16.3
1931—June	21.8	9.0	11.3	29.7	11.7	27.1	27.1	28.0	21.1
December	20.9	17.0	32.2	42.2	27.8	27.2	27.1	30.0	21.6
1932—June	22.3	18.7	24.9	43.1	27.2	28.2	19.1	30.0	21.6
December	21.7	18.6	42.8	43.1	34.5	42.4	31.5	28.1	25.6
1933—June	19.5	14.4	21.9	...	27.7	27.2	20.8	25.7	21.8
December	17.6	19.9	37.5	22.6	40.0	39.2	27.7	23.0	21.0
1934—June	16.4	17.1	15.5	13.3	29.1	27.2	14.9	20.9	18.0
December	16.1	22.2	30.3	14.3	37.9	32.8	25.0	...	15.4
1935—June	15.3	15.8	12.6	10.0	32.9	21.1	12.7	17.8	14.6
December	14.2	17.9	31.7	13.7	40.7	26.0	22.4	13.4	14.5
1936—March	14.4	15.6	25.9	10.3	38.5	24.6	17.4	...	15.1
April	13.8	13.1	18.9	9.2	36.2	21.0	15.1	...	14.8
May	13.0	12.2	12.8	7.7	34.6	...	11.1	...	13.8
June	13.1	...	11.3	6.8	34.2	...	...	12.8	...
July	12.7	...	12.3	...	...	...	...	...	...

Number of Workers Covered by Last Returns

Millions	12.8	0.8	0.40	6.9	0.6	0.06	0.4	0.4	0.17
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† Ex. Irish Free State since March, 1923. ‡ Provisional figure.

BANK RATES

	1930	1931	1932	1933	1934	1935	1936
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of July
London	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Paris	24.2	24.2	24.2	24.2	24.2	24.2	24.2
Berlin	4.5	4.5	4.5	4.5	4.5	4.5	4.5
New York	24.2	24.2	24.2	24.2	24.2	24.2	24.2
Amsterdam	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Brussels	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Rome	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Switzerland	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Vienna	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Warsaw	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Tokyo	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Calcutta	6.1	6.1	6.1	6.1	6.1	6.1	6.1

* Federal Reserve.

LONDON BANKERS' CLEARING RETURNS

	Town	Metropolitan	Country	Total
	£	£	£	£
1913	14,191,275	835,648	1,389,481	16,416,404
1929	39,935,924	1,831,989	3,078,784	44,846,707
1931	31,815,808	1,667,852	2,752,209	36,235,869
1932	27,833,639	1,610,407	2,667,919	32,111,959
1933	27,714,480	1,656,675	2,766,471	32,137,626
1934	30,740,117	1,759,528	2,984,512	35,484,157
1935	32,443,575	1,887,112	3,229,084	37,559,751
1935 (Aug. 17)	20,993,365	1,217,983	2,057,784	24,269,132
1936 (Aug. 19)	21,212,118	1,298,614	2,229,139	24,739,871

U.K. IMPORTS AND EXPORTS.—(000,000's omitted)

	Food		Raw Materials		Manufactures		Imports of		Exports of	
	Imports	Exports	Imports	Exports	Imports	Exports	Wheat	Raw Cotton	Sheep's and Lambs' Wool	Cotton Piece Goods
Monthly Average	£	£	£	£	£	£	Cwts.	Centals	Centals	Sq. Yds.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.3	0.7	589
1929	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	589
1932	31.1	2.7	13.7	3.6	13.1	23.0	8.8	1.0	0.8	182
1933	28.3	2.3	15.0	3.8	12.6	23.5	9.4	1.2	0.8	179
1934	28.8	2.5	17.5	4.0	14.3	25.4	8.6	1.1	0.7	172
1935	29.7	2.6	17.6	4.4	15.4	27.4	8.4	1.1	0.7	162
1935—December	34.4	2.7	23.6	4.2	18.0	26.2	9.1	1.4	0.9	167
1936—January	31.3	2.8	22.4	4.1	16.0	26.6	6.6	1.1	0.8	148
February	27.5	2.5	18.9	4.1	15.7	27.6	6.6	1.2	0.9	167
March	30.2	2.4	19.6	4.1	17.9	28.6	9.3	1.1	1.0	169
April	28.4	2.9	20.0	3.9	17.9	28.0	8.3	1.2	1.1	171
May	31.6	2.7	19.9	4.5	17.2	28.2	8.9	1.1	1.1	146
June	31.5	2.6	19.3	3.5	16.4	24.9	10.3	1.3	0.7	130
July	29.9	3.0	20.1	4.6	18.2	31.5	8.7	1.4	0.4	176

* Yards.

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

	Austria		Germany		Italy		Canada		United States	
	(b) (h)	(a)	(c) (i)	(d) (j)	(e) (k)	(f) (l)	(g) (m)	(n) (o)	(p) (q)	(r) (s)
Monthly Average—	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Ton-Miles
1929	379	5,745	1,017	4,831	59,897	19,897	19,897	19,897	19,897	1,482
1932	221	3,242	840	3,092	31,508	19,811	19,811	19,811	19,811	1,276
1933	245	3,479	759	2,845	33,475	19,811	19,811	19,811	19,811	1,163
1934	253	4,165	714	3,183	36,202	19,811	19,811	19,811	19,811	1,177
1935	262	4,682	...	3,294	37,992	19,811	19,811	19,811	19,811	1,108
1935—July	289	4,719	...	3,417	33,823	19,811	19,811	19,811	19,811	1,124
August	288	5,206	...	3,068	37,866	19,811	19,811	19,811	19,811	1,021
September	318	5,490	...	4,392	40,468	19,811	19,811	19,811	19,811	1,168
October	310	5,184	...	3,593	40,103	19,811	19,811	19,811	19,811	1,195
November	279	4,585	...	3,106	38,215	19,811	19,811	19,811	19,811	1,240
December	229	4,827	...	2,880	40,672	19,811	19,811	19,811	19,811	1,274
1936—January	218	4,559	...	2,947	38,414	19,811	19,811	19,811	19,811	1,336
February	243	5,158	...	3,350	36,943	19,811	19,811	19,811	19,811	1,340
March	228	4,575	...	3,411	41,091	19,811	19,811	19,811	19,811	1,364
April	248	4,776	...	...	...	19,811	19,811	19,811	19,811	...
May	...	4,848	...	...	...	19,811	19,811	19,811	19,811	...

* Inc. live-stock. (a) "Reichsbahn." Exc. tree-bauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenues of at least \$500,000. (d) Including free-bauled. (e) Excluding free-bauled. (f) Long ton = kg. 1,016.05; mile = metres 1,609.34. (g) From January, 1932, onwards figures relate to 4-week periods. (h) Figures from 1933 not comparable with previous figures. (i) Fiscal year ending June 30. (j) Fiscal year ending June 30. (k) Figures from 1933 not comparable with previous figures. (l) Fiscal year ending June 30. (m) Fiscal year ending June 30. (n) Fiscal year ending June 30. (o) Fiscal year ending June 30. (p) Fiscal year ending June 30. (q) Fiscal year ending June 30. (r) Fiscal year ending June 30. (s) Fiscal year ending June 30.

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FINANCIAL NOTES

Dr. Schacht Returns a Call.—Dr. Schacht's visit to Paris in return for M. Labeyrie's visit to Berlin has naturally aroused considerable comment. One question he may be discussing is that of the revival of Franco-German trade. The 1933 clearing agreement between the two countries broke down a year ago, mainly because of the accumulation of a deficit of Frs. 550 millions due to French exporters. Since then a stop-gap arrangement has been in force, allocating 16 per cent. of the proceeds of German exports to France to the service of the French *tranches* of the Dawes and Young Loans, 59 per cent. to the liquidation of arrears of commercial debt, and only 25 per cent. to French exports to Germany. This has reduced Germany's power to buy French goods to microscopic proportions, and the rival claims of old creditors and current trade may well be under discussion. More generally, the whole world is watching the future of the franc, while the reichsmark can hardly remain indefinitely in its existing strait-jacket. If the franc were devalued, Germany would have an opportunity for the "realignment" of the reichsmark, and while monetary questions are inextricably mixed up with politics in both countries, Dr. Schacht may possibly be taking soundings. There is something to be said for preliminary discussions of this character, but the future of the franc and reichsmark is bound up with that of the dollar, the pound and the sterling area currencies. It is therefore pertinent to add that one of the main functions of the Bank for International Settlements is to provide a regular and common meeting-ground for central bank governors, and that it has been generally recognised that these periodical meetings are infinitely preferable to *ad hoc* discussion between two or three governors with all their attendant publicity.

American Banking Reserves.—The increase of one half in the minimum reserve percentages required to be kept on deposit at the Federal Reserve Banks by member banks of the Reserve system was accomplished by August 15th without any disturbance whatever to the money market. The Federal Reserve return for August 13th, two days before the change took effect, showed an increase in member bank borrowings from the Reserve of \$3.9 millions. But this sum is insignificant in comparison with the increase in required reserves of about \$1.473 millions which was enforced two days later. More over, borrowings had declined again by August 20th. On August 13th, total reserves were \$6,116 millions, required reserves \$2,946 millions and excess reserves consequently \$3,170 millions. If the increase in reserve requirements had been applied on that day, required reserves would have become \$4,419 millions and excess reserves \$1,697 millions. The return for a week later shows excess reserves of \$1,810 millions, so that there was an increase of \$113 millions on the week. As in other recent weeks, the increase has been due to the encashment of bonus bonds out of the Treasury balance. It will be noticed that the excess reserves are still 29 per cent. of the required reserves and would, in theory, support an expansion of credit of those proportions. This reflection, together with the fact that the member banks have found the increase in reserves without the slightest difficulty, justify the conclusion that the increase, so far from restricting credit, has not even sufficed to restore the control of the Reserve authorities over the volume of credit.

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4½ per cent., and, as we pointed out at the time, these bills were taken up by the London offices of French banks. It is now suggested that a second block of £1,000,000 of bills are being placed, and it is possible that the object of these operations is to raise funds for the repayment of the credit of 3,000 million Belgian francs falling due in September. It is clearly desirable that such funds should be forthcoming, as otherwise France might be faced with a heavy gold loss. This would be made more serious by the impending maturity of the French Government's sterling credit of £40 millions, which falls due for repayment next November and may have to be met in gold. The existence of this credit makes it unlikely that the new French railway bills will appeal to British houses, who probably feel that they have already lent enough to France. They may well, however, appeal to French houses who to-day hold a fair amount of temporary sterling, which they have bought spot and sold forward in order to secure the profit of about 16 per cent. per annum accruing from the current discount on three months' francs. The chance of earning an additional 4½ per cent. by relending this money to French railways is very attractive. It is also an illuminating if cynical comment upon the parlous state of French finances.

The Money Market.—Conditions remain very easy and the Bank return shows that credit is abundant. Any further expansion in fact might make it difficult to maintain discount rates, especially as the return of the holiday currency usually makes September an easy month. Nevertheless, the clearing banks have experienced a fair afternoon demand for money. There are also reports that there is not much outside money available, but against this the clearing banks have had little or no demand for loans against bonds at ½ and 1 per cent. Hence the market is still able to obtain its "bond money" outside:—

	Aug. 6, 1936	Aug. 13, 1936	Aug. 20, 1936	Aug. 27, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ..	½	½	½	½
Short loan rate:—				
Clearing banks	½-½-1*	½-½-1*	½-½-1*	½-½-1*
Others	½	½	½	½
Discount rates:—				
Treasury bills	½	½	½	½
Three months' bank bills	½-½-1*	½-½-1*	½-½-1*	½-½-1*

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.

Discount rates are unchanged, but while some banks are not taking three months' bank bills at less than ½ per cent., there are reports that when buying in the market other banks are willing to shade this rate. Tender issues of Treasury bills remain unchanged at £630 millions for the fourth week in succession, but next week maturities are £5 millions in excess of the amount to be offered, and so the tender issue will contract. This will increase the competition for bills.

The Foreign Exchanges.—The London Market is extremely idle, and the banks find that they are mainly occupied with technical questions arising out of registered marks and tourist lire. The Olympic Games brought out a big demand for registered marks, but this was easily satisfied, and the discount on these showed little change. This week exchange rates are practically unaltered, apart from a very slight improvement in three months' francs. The franc, however, still remains at the gold point against the dollar, guilder and Swiss franc, and more gold has been engaged for shipment to New York. Gold is not going to Amsterdam, as neither the French banks, nor presumably the Dutch banks in Paris, care to make the shipment, but the American banks, being outside the gold bloc, have no such inhibition. Gold, of course, only enters or leaves Switzerland on the initiative of the Swiss National Bank. The British Customs returns announce the further importation this week of £11.5 millions of gold from France, raising total importations since June 10th to £68.2 millions. Dollars have been very steady, but the current London

price of gold at 138s. 2½d. per ounce leaves a premium over the dollar parity of barely one penny, so that it nearly pays to buy gold in London for shipment to New York. With the approach of the Presidential election, there are rumours that the United States authorities have been buying silver in London, presumably with an eye on American silver interests. This would entail sales of dollars against sterling.

The Bank Return.—This week's reduction of £1.1 millions in the note circulation, though small, is quite normal for the last week of August, so that apparently French hoarding of British currency has for the moment ceased. The note circulation is now very nearly at its lowest point for the autumn, and little change is likely until the Christmas currency withdrawals begin. These may raise the circulation to a new record of £470 millions or more. Meanwhile the Bank is continuing to buy gold, possibly in preparation for the Christmas currency expansion.

	Aug. 28, 1935	Aug. 5, 1936	Aug. 12, 1936	Aug. 19, 1936	Aug. 26, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	193.4	243.0	243.0	243.8	244.8
Note circulation	399.6	454.4	450.3	444.5	443.4
Banking Department:—					
Reserve	54.5	49.6	53.7	60.3	62.4
Public deposits.....	9.4	17.6	17.4	23.6	17.2
Bankers' deposits	96.9	92.7	98.0	96.0	100.9
Other deposits.....	36.5	38.5	38.0	40.0	37.8
Government securities ..	81.3	89.9	89.6	86.4	84.8
Discounts and advances	12.9	8.9	8.9	9.7	9.2
Other securities	12.3	18.5	19.3	21.3	17.8
Proportion	38.1%	33.3%	35.0%	37.8%	40.0%

In the banking department, there has been a further reduction in Government securities, which have now fallen by £11.6 millions since the end of July. Owing to the Bank's gold purchases and the return of notes from circulation, the Reserve has risen by £10.2 millions, and, whether by accident or design, the two movements have neutralised each other. Public deposits, which were swollen last week by Excise duty payments, have receded to their level of a fortnight ago, but bankers' deposits have risen to over £100 millions for the first time since July 1st. Had it not been for the reduction in Government securities, bankers' deposits would now be unnecessarily high. It will be interesting to see if the Bank continues to buy gold and allow securities to run off.

Underwriting Air Raid Risks.—Certain Press reports last week-end conveyed a somewhat alarmist impression of prevailing conditions in that part of the insurance market concerned with the underwriting of air-raid risks. It has been well-known that the tariff offices, for some years past, have been unwilling to accept such business, not, ostensibly, on account of its excessive potential liability, but for the opposite reason that in the event of a war the Government would certainly evolve its own arrangements for compensation, and that therefore there can be no "risk" which would justify the taking of premiums. Two or three leading groups of underwriters at Lloyds have, in recent years, also held deliberately aloof from the market, but in other quarters there has been no difficulty in placing business at a rate of about 6d. per £100. Recently, the deterioration in the European political position, the increased publicity given to the aeroplane as a warlike weapon, and, finally, the inception of active industrial operations under the Government's re-armament programme have combined to increase the volume of business placed in the market. In the course of a single week risks running into seven figures have been underwritten, and the rate, consequently, has tended to harden in the neighbourhood of 1s. per cent. Large "lines" have, in fact, been placed at or near this figure, quite recently, and the suggestion that only a small minority of underwriters are prepared to transact this business, and are refusing total coverage, is not borne out by inquiries at Lloyds.

THE STOCK EXCHANGE

MACHINE TOOLS AND THE INVESTOR

WHEN Sir Thomas Inskip gave the House of Commons the first account of his stewardship as Minister for Co-ordination of Defence last May, one special feature of his speech was noted with alacrity by the Stock Exchange. The Minister was, at that time, about to allocate contracts for the supply of tools and gauges to be used for manufacture of shells. For gauges, he was unable to anticipate a substantial supply in under four to five months. To obtain the required machine tools might even take longer. And the Minister confessed himself anxious regarding the emergence of "bottle-necks" in the tool and gauge industry, which must necessarily be eased before bulk production of shells could be put in hand.

Two immediate inferences were drawn by the market from this statement. First, that the machine tool industry was already fully employed on peace-time work; and secondly, that the indications of large Government orders for the new aero engine factories clearly showed that the industry could count on production to capacity for several months to come. Inevitably, a further sharp rise in the existing small group of machine tool companies' shares resulted and, in an active season for new issues, several established companies were added to the list and warmly re-lished companies were added to the list and warmly re-lished. Thus, the defence programme in the course of a few weeks has familiarised the investor with an industrial group which, during the previous decade, showed few attractions in profits or market leadership. The boom continues and undoubtedly record profits are now being earned. How far are present share prices justified on a longer view?

The boundaries of the industry are difficult to define. The Machine Tool Trades Association, for example, consists of 118 members, of which the majority are relatively small private concerns, and therefore not of interest to the general investor. Some of these companies produce bearings, and other machine components which are not, strictly speaking, tools. Other concerns specialise on particular types of tools. All are very busy, and will remain so for many months to come, provided that the industry's own "bottle-necks"—both in equipment and skilled staff—are widened.

Examination of the results of recent Censuses of Production shows that the industry has become increasingly specialised during the last decade. In 1924 specialist firms produced tools valued at £2,295,000, compared with a total of £3,441,000 for all firms. They were therefore responsible for no more than two-thirds of the total output. In 1930, the specialist machine tool firms were responsible for an output valued at £4,824,000 (excluding "other work"), while the total output of all firms was no more than £4,950,000. Average values—which in this industry reflect changes of a technical nature rather than the direct effects of price policy—showed a distinct advance during this period of over 30 per cent in many instances. Milling machinery, to give but one example, rose on the average from £139.4 to £180.3 per ton. Again, between 1933 and 1934, the total output of complete machines increased from £2,894,000 to £4,342,000, although average prices showed a slight fall during the year. Between 1933 and 1935 the value of exports of machine tools increased from £1,265,543 to £2,246,497. In the same period, imports almost doubled in value from £852,987 to £1,697,689, and more than doubled in quantity. The higher average value per ton of imported than of exported machine tools—last year the figure for imports was £220 per ton, compared with about £136 per ton for exports—suggests that the engineering trades are still dependent to an appreciable extent on foreign producers, particularly in the United States and Germany, for the more advanced types of machine tools.

These trends continue to-day. During the first seven months of this year, the value of imports has again almost doubled, at £1,787,560, against £915,922, but exports show a sharp fall in quantity, a more moderate fall in total value, and a considerable increase in average value per ton. The

Note—The figures in italics are obtained from prospectuses.

Group and Companies	Total Profit	Ordinary Shares		Capital Structure and Share Denom.	Present Price	Yield	
		Earned	Paid			Earnings	Div.
	£	%	%		s. d.	%	%
"Established" Cos. Birmingham Small Arms (July 31)—1933	253,189	Nil	Nil	£203,150 "A" 5% pref. (£5).	110 0	...	Nil
1934	136,177	Nil	Nil	£350,580 "B" 6% pref. (£1).	23 9	...	Nil
1935	120,339	Nil	Nil	£2,815,172 £1 ord.	15 0	Nil	Nil
Coventry Gauge & Tool (Aug. 31) 1933	11,409	Nil	Nil	£100,000 ord. (2s.).	6 3	5.7	Nil
1934	16,784	4.3	Nil				
1935	27,910	17.9	Nil				
Greenwood & Batley (Mar. 31) 1934	38,489	5.3	3½	£110,660 7% pref. (£1).	...	...	...
1935	45,110	6.2	4	£354,585 ord. (£1).	25 0	4.3	3.6
1936	46,300	5.4	4½				
"New" Cos. British Timken (Dec. 31)—1934	67,392	22.0	8	£250,000 ord. (£1).	65 0	7.6	3.1
1935	79,927	24.6	10				
Craven Bros. (Mcr.) (Dec. 31)—1933	81,386	...	15	£300,000 ord. (5s.).	12 4½	...	††
1934	26,537	...	Nil				
1935	26,739	...	Nil††				
Kitchen & Wade (Mar. 31)—1934	8,676	...	...	£125,000 ord. (4s.).	14 0	...	...
1935	18,392	...	...				
1936	28,074	...	...				
Modern Machine Tools—1933	9,827	...	...	£100,000 ord. (£1).	76 3½	5.1	2.6
1934	14,090	...	...				
1935	24,021	19.5	10*				
Newall Engineering (Mar. 31)—1934	2,705	...	...	£50,000 "A" ord. (5s.).	9 0	...	...
1935	2,140	...	...	£35,000 "B" ord. (2s.).	...	...	...
1936	12,042	...	...				
"Provincial Shares" Kendall & Gent (Sept. 30)—1933	1,662	Nil	Nil	£45,031 ord. (8s. 8d.).	12 0	11.8	Nil
1934	Dr. 2,310	Nil	Nil				
1935	14,184	21.2	Nil				
Churchill Mach. Tool (Dec. 31)—1933	28,618	Nil†	Nil	£114,385 6% pref. (£5).	172 6	...	6.9c
1934	28,920	Nil†	Nil	£84,200 ord. (£1).	...	...	...
1935	34,406	48.7†	12				
"Mixed" Cos. Edgar Allen (Mar. 31)—1934	10,703	Nil	Nil	£300,000 5% pref. (£1).	21 0	...	4.7
1935	58,831	11.9	Nil	£287,297 ord. (13s. 4d.).	19 6	6.9	3.4
1936	59,991	10.1	5				
William Asquith (Mar. 31)—1934	Dr. 8,676	Nil	Nil	£166,021 8% part. pref. (15s.).	18 9	Nil	Nil
1935	Dr. 7,161	Nil	Nil	£163,167 ord. (15s.).	8 9	Nil	Nil
1936	29,576	Nil	Nil				
Samuel Osborne (July 31)—1933	20,182	2.4	2½	£130,600 5½% t.f. pref. (£1).	26 6	...	4.2b
1934	30,012	9.3	4	£293,014 ord. (£1).	35 0	6.8	4.0
1935	34,474	12.0	7				

† Periods January 1–November 12, 1934, and November 13, 1934–December 31, 1935. * Interim dividend, current year, 7½ per cent. † Year to June 30, 1933, and period to September, 1934. For both periods profits include unstated credits from reserve. ‡ Preference arrears paid as follows: 1933, 4 years; 1934, 4 years; 1935, 5 years to date. †† Earned rate for ordinary 1935, based on one year's preference dividend. ††† Interim of 5 per cent. paid for current year. (b) Free of Income Tax. (c) Based on a dividend of 12½ per share per year.

industry, clearly, is enjoying boom conditions. Business at home is so good that overseas orders are not in request. The rapidity of the re-equipment of British industry, both for the uses of peace and of war, and technical considerations together have vastly increased the quantities of machine tools required from abroad.

These are conditions which demand a prudent policy from the investor. Undoubtedly, current profits are running at records for all times—and so are current share prices. The boom may continue for many months, and there are doubtless large civil and export orders in the offing when armament work has been completed. Russia may be an

influential buyer, aided by her £10 millions credit. But history suggests that in this industry a boom may collapse with disconcerting suddenness. It is evident, both from the nature of the industry and from the detailed statistics of its American counterpart, that once re-equipment orders have been filled there may be no further support to business until the next "recovery" brings a new re-equipment boom. High profits may be earned during recovery; but there is no limit to possible losses in a severe depression. Of all trades in the engineering industry, the machine tools section is technically the most "highly-g geared." The moral applies particularly to certain recent new issues, which have been capitalised on a peak year's earnings. Investors can confidently expect an advance in profits over a limited period, but none of the relative stability which is the hallmark of many seasoned shares in other trades.

What, in fact, has been the industry's earnings record? The table on the preceding page supplies a partial answer. It presents the results of four groups of companies associated with the Machine Tool Trades Association. The first includes established concerns with a profits record extending back for a decade. Birmingham Small Arms claims inclusion through its control of B.S.A. Tools, although its direct machine tool interests, like those of Greenwood and Batley, are subordinate to its other engineering business. Both concerns, however, have a substantial re-armament equity apart from machine tools. The latest profits of Greenwood and Batley were disappointingly stable, but the company is well supplied with orders, although rising costs are apparently being experienced. Coventry Gauge and Tool is a 1928 boom flotation which has paid only one dividend of 5 per cent., for 1929-30. The earnings record of the company showed a deep trough in 1931, and until 1935 recovery was slow. Maintenance and depreciation charges have been regularly provided, and the debit balance on profit and loss was wiped out in 1935. The company's gauge business has expanded rapidly in recent months, and current profits are doubtless very satisfactory. But the last balance sheet disclosed a somewhat unliquid position, which the directors may well decide to strengthen when considering their dividend policy.

To the "new companies" the market has given an ungrudging welcome. British Timken is, perhaps, not a machine-tool producer in the strict sense, but its bearings are used extensively in new machinery installations. Craven Brothers may claim rank among the "established" group, for since the absorption of the Armstrong Whitworth machine-tool business it has become one of the largest machine-tool manufacturers in the world. The instant success of the recent offer of 5s. ordinary shares at 100 per cent. premium suggested that the market was confident not merely of the achievement, but also the maintenance of profits at £60,000 per annum and earnings at 20 per cent. The company, however, is one of the more substantial concerns in the industry. Kitchen and Wade, Modern Machine Tools and Newall Engineering are typical recovery flotations. All three show a geometric increase in profits over the past two years; all have distinctly small total capitals. Modern Machine Tools has introduced a conservative dividend policy, which may be continued if the company's capacity is to be doubled. These shares have attracted considerable speculative attention recently.

Finally, there are certain companies whose shares enjoy a somewhat intermittent market on various provincial exchanges, or which are only partially engaged in machine-tool manufacture. In few cases are past profits records impressive, but recent accounts show a general recovery to high equity earnings, although dividend policy, for many companies, is restricted by strained current positions, losses brought forward, or preference dividend arrears. In general, the relatively small capitals of all machine-tool companies and the speculative nature of the industry involve market and investment problems which the long-term investor is usually anxious to avoid. To the speculatively inclined there may still be scope for selective operations. But the majority of prices are standing at levels which discount much, if not all, of the geometric profits expectations of the industry during the current year. Subsequently, if the machine tool industry runs true to past form, a decline in turnover may appreciably ante-date any major reaction in general business conditions.

INVESTMENT NOTES

Wall Street.—The behaviour of Wall Street markets at the end of last week displayed a far greater sensitiveness to European affairs than has yet been shown in London or on the Continent; it seems to be a case of the further from the fire the more sensitive the skin. When prices dropped as much as seven points last Friday, accompanied by considerable short-selling and a fairly large turnover, it seemed almost as if Wall Street were convinced that a European war was imminent, for no domestic, economic or political circumstance could be urged in justification for so rapid a collapse of prices. The reaction has since been described as purely technical, but that hardly appears an adequate description. The collapse of prices on the Berlin Bourse, provoked by Hitler's press barrage of anti-Russian propaganda laid down last week as a prelude to increasing his army strength, and the evidence of intervention by the powers in the Spanish war, were the immediate causes of American uneasiness. By the middle of this week most of the lost ground had been recovered, the markets had been assured that, in the opinion of the House of Morgan, war was not just around the corner, and domestic events had reasserted their control over prices. The stocks which suffered most in the slump were market leaders, whose position has now been consolidated, and the technical position of the market has certainly been improved. The news from business and industry continues its excellent trend, with growing steel activity, signs of an exceptionally short duration for the seasonal change-over of automobile models, and estimates that what the farmers, as a group, will lose by reduced output they will regain from higher prices. The general market outlook remains as outlined in our Stock Exchange Leading Article last week, so far at least as predictable economic events are concerned, although it cannot be denied that political developments in Europe during the last week are not particularly encouraging for the world peace. Even if the worst were to happen, it is at least arguable that Wall Street is the market which might have least to fear, since America's recovery has still some distance to go, and is not rigidly bound up with external events. The troubles Wall Street would have to face would probably be much more political than economic or financial.

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News for Bondholders.—When bondholder meets Greek, then comes the tug-of-war. Ever since the Greek Government defaulted on its foreign debt in 1932, there has been a serious and continuing difference of view over the extent of her ability to remit funds to her British creditors. In September, 1932, a provisional agreement fixed interest on all loans at 30 per cent. of its nominal amount and suspended amortisation. A year later, the transferred percentage was reduced to 27½ for 1933-34 and 35 for 1934-35. It was not until February of last year that negotiations were resumed, and then the Greek Government made an offer of 35 per cent. for the twelve months to March 31, 1936, which was rejected, as wholly inadequate, by the League Loans Committee (London), and the Council of Foreign Bondholders. The matter then drifted into an unsatisfactory state of suspended animation, while far-reaching constitutional events were being staged in Greece itself. After the return of the King, informal conversations were followed, this spring, by the announcement of an official visit to London, and after some further delay negotiations were opened on June 2nd. By July 17th deadlock was again reached, but the subsequent *coup* of General Metaxas has apparently changed the Greek attitude. The bondholders' representatives now recommend acceptance of the proposal that the Government should transfer 40 per cent. for the years 1935-36 and 1936-37; made on condition that the bondholders undertake to utilise the interval afforded by the extended arrangement to discuss the possibility of a permanent settlement. It would appear that the two parties interpret this formula very differently. As the bondholders' committees declare their conviction that the Greek Government

The following extracts from the prospectus are published for information only, and not as an invitation to subscribe for shares.
The **LISTS of APPLICATIONS OPENED** in London and in Melbourne on the 18th AUGUST, 1936, and both lists will be closed on the 15th SEPTEMBER, 1936.

NEW BROKEN HILL CONSOLIDATED LIMITED

(Incorporated in England under the Companies Act, 1929, with limited liability.)

CAPITAL £600,000, divided into 2,400,000 SHARES OF 5s. EACH

Of which 1,250,000 Shares are being issued for subscription in cash at par.

573,077 shares, credited as fully paid, are to be issued in part payment for the assets to be acquired from The Zinc Corporation Limited.
243,752 shares are reserved for allotment against transfers made of Barrier South Limited Shares in the terms of the offer to shareholders of that Company.
The balance of 333,171 shares, plus any shares not required to meet transfers of Barrier South Limited shares, will remain for the time being unissued.

ISSUE AT PAR OF 1,250,000 SHARES OF 5s. EACH

of which 898,831 shares are being offered to the members of The Zinc Corporation Limited in the proportion of one of such shares for each Preference and/or Ordinary share held by such members in the Capital of The Zinc Corporation Limited.

Members of Barrier South Limited who exchange the Preference and/or Ordinary Shares of Barrier South Limited held by them for fully paid shares in New Broken Hill Consolidated Limited, on the terms submitted to them, will be entitled to apply for and be allotted shares in this issue in the proportion of Five of such shares for each Preference Share and One of such shares for every two Ordinary Shares in Barrier South Limited so exchanged.

The Zinc Corporation Limited has agreed to take all the shares of this issue not required to meet the allotments made in response to applications by its own Members and those of Barrier South Limited who are entitled to apply.

No underwriting or other commission is being paid to The Zinc Corporation Limited.

DIRECTORS:

RT. HON. SIR ROBERT STEVENSON HORNE, G.B.E., K.C., M.P., 72, Devonshire House, London, W.1 (Chairman of The Zinc Corporation Limited), Chairman.

CLIVE LATHAM BAILLIEU, Esq., C.M.G., Parkwood, Englefield Green, Egham, Surrey (Director of The Zinc Corporation Limited).

JOHN ROMAIN GOVETT, Esq., 9, Upper Grosvenor Street, London, W.1 (Director of The Zinc Corporation Limited).

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LOCAL BOARD IN AUSTRALIA:

MARSHAL L. BAILLIEU, Esq., 360, Collins Street, Melbourne (Director of North Broken Hill Limited).

SIR COLIN FRASER, 360, Collins Street, Melbourne (Chairman of Broken Hill South Limited).

SIR WALTER MASSY-GREENE, K.C.M.G., 360, Collins Street, Melbourne (Director of Electrolytic Zinc Company of Australasia, Limited).

HALIBURTON SHEPPARD, Esq., 331, Collins Street, Melbourne (Chairman of North Broken Hill Limited).

DESCRIPTION AND OBJECTS OF THE COMPANY.

The Company was incorporated in England under the Companies Act, 1929, on the 8th July, 1936, for the purposes and with the objects specified in its Memorandum of Association, to carry on a mining or mining finance or other associated business in any part of the World, to invest in or finance companies similarly engaged, and in particular (but without restriction) to acquire:—

(a) From the Zinc Corporation Limited, its holding of 71,693 Preference Shares of £1 each and 229,224 Ordinary Shares of 2s. each in the capital of Barrier South Limited.

(b) From the other members of Barrier South Limited, who desire to exchange, their respective holdings of Preference and/or Ordinary Shares in the capital of Barrier South Limited on the same terms as those upon which The Zinc Corporation Limited has agreed to transfer to the Company its shareholdings in Barrier South Limited.

In addition, the Company is acquiring from The Zinc Corporation Limited:—

(i) Certain mineral leases situated in the Southern Section of the Broken Hill field in the State of New South Wales, which are referred to in greater detail below, and

(ii) The whole of the issued share capital of Aplite Syndicate Proprietary Limited (incorporated in the State of Victoria with an authorised capital of £5,000), viz., 4,103 shares of £1 each, and the whole of the issued share capital of Gresham Syndicate Proprietary Limited (incorporated in the said State of Victoria with an authorised capital of £2,000), viz., 1,403 shares of £1 each.

The mineral leases owned by Barrier South Limited adjoin the South-west boundary of the leases owned by The Zinc Corporation Limited, and cover an area of 160 acres.

Exploration work on Barrier South Limited's leases was stopped some years ago pending the further development of the adjoining leases of The Zinc Corporation Limited.

Recent developments and in particular the result of diamond drilling on the property of The Zinc Corporation Limited justify the expectation that the main orebodies now being profitably worked on a large scale by that Company extend into the adjoining leases of Barrier South Limited.

Diamond drill hole No. 128 completed by The Zinc Corporation Limited in February last is situated 1,140 feet north of Barrier South Limited boundary, and proved that the grade, general characteristics and southerly pitch of the main orebody were maintained to a depth of at least 2,500 feet vertical.

A comprehensive exploration programme has been prepared by Barrier South Limited, and diamond drilling operations have begun. While it is expected that the results of this work will be satisfactory, it is necessary to point out that exploration work of this nature is speculative.

The mineral leases to be acquired by the Company from The Zinc Corporation Limited adjoin the South-west boundary of those owned by Barrier South Limited, and cover an area of approximately 447 acres. Exploratory work on these leases is believed to be justified and will be undertaken at an early date.

The following is a copy of the Report received by the Zinc Corporation Limited from its General Managers, Messrs Bewick, Moreing and Co., 14th July, 1936.

The Managing Director, THE ZINC CORPORATION LIMITED, 62, London Wall, London, E.C.2.

Dear Sir,—Development and diamond drilling on the lodes in the Zinc Corporation leases have provided evidence supporting the following conclusions as to their southern extension:—

1. The continuity of the Zinc Lode developed in the upper workings of the Zinc Corporation leases has been definitely proved into the Barrier South leases by the characteristics and values.

2. The lead lode is divided into two sections, viz.: the Eastern or thin portion and the Western or broad massive portion. Both are profitably productive and have a pronounced "pitch."

3. In our opinion the upper limit of the Eastern, or thin portion of the Main Lead Lode, may be encountered in the Barrier South leases at a vertical depth of about 1,500 feet.

BANKERS:

LLOYDS BANK LIMITED, 72, Lombard Street, London, E.C.3.
ENGLISH, SCOTTISH & AUSTRALIAN BANK LIMITED, 5, Gracechurch Street, London, E.C.3, and Melbourne, Adelaide and Sydney.

SOLICITORS:

BIRKBECK, JULIUS, EDWARDS & CO., 49, Moorgate, London, E.C.2.
ARTHUR ROBINSON & CO., 360, Collins Street, Melbourne, C.1.

BROKERS:

GOVETT, SONS & CO., 22, Austin Friars, London, E.C.2, and Stock Exchange.
E. L. & C. BAILLIEU, 360, Collins Street, Melbourne, C.1.

AUDITORS:

MONKHOUSE, STONEHAM & CO., Chartered Accountants, 695, Salisbury House, London, E.C.2.

GENERAL MANAGERS:

THE ZINC CORPORATION LIMITED, 95, Gresham Street, London, E.C.2

MELBOURNE OFFICE:

360, COLLINS STREET, MELBOURNE, C.1.

SECRETARIES AND REGISTERED OFFICE:

AUSTRAL DEVELOPMENT LIMITED, 95, Gresham Street, London, E.C.2.

4. The upper limit of the broad Western portion has been located by the Zinc Corporation by diamond drilling at 871 feet South (i.e., 1,139 feet from the Barrier South Boundary at a vertical depth of 1,900 feet). This and its pitch in the stopes above No. 12 Level indicate that its upper limit may be expected at a vertical depth of from 2,200 to 2,500 feet in the Barrier South leases.

The accompanying longitudinal projection shows the probable continuation of the thin eastern and broad western portions of the lead lode from the Zinc Corporation leases into those of Barrier South Limited. The cross-section appended shows diagrammatically the relative positions of the zinc lode and of the thin eastern and broad western portions of the lead lode as occurring in the Zinc Corporation leases.

The evidence is, in our opinion, fully sufficient to justify the exploratory campaign, which has recently been commenced in the Barrier South leases. As suitable opportunity offers exploratory work should be commenced in the leases still further to the south.

Yours faithfully, BEWICK, MOREING & CO.

The Zinc Corporation Limited has agreed to act as General Managers of New Broken Hill Consolidated Limited for the period of 20 years from the date of its incorporation at an initial fee of £1,500 sterling per annum in addition to expenses. This Agreement will ensure the closest co-operation of the two companies and should result in substantial economy in working.

The purchase price payable to The Zinc Corporation Limited, of 95, Gresham Street, London, E.C.2, for the share interests and leases agreed to be sold is £158,269 5s. 0d., which sum will be satisfied as to £15,000 in cash and as to £143,269 5s. 0d. by the allotment to the Corporation or its nominees of 573,077 shares in the capital of the Company, credited as fully paid. Such purchase price has been allocated as under, viz.:—

£118,269 5s. 0d. in 473,077 shares credited as fully paid for the said Preference and Ordinary Shares in Barrier South Limited, being five shares in the capital of this Company for each of such Preference Shares and one share for every two of such Ordinary Shares.

£5,000 in 20,000 shares credited as fully paid for the said shares in Aplite Syndicate Proprietary Limited and Gresham Syndicate Proprietary Limited.

£15,000 in cash and £20,000 in 80,000 shares credited as fully paid for the said leases. No sum is payable for goodwill.

The promoter of the Company is The Zinc Corporation Limited. No consideration has been or will be paid to that Corporation other than the Vendor's consideration as detailed above, and the above-mentioned remuneration as General Managers.

The proceeds of the present issue will provide the Company with a sum of £312,500, in which it is estimated £297,500 will be available for working capital. This sum, in the opinion of the Directors, is adequate for carrying on the business of the Company.

The subscription of the whole of the shares now offered has been guaranteed and the Directors will therefore proceed to allotment on the closing of the lists.

The total preliminary expenses, including the Company's and Vendors' legal charges, bankers' and brokers' fees, expenses of registration, stamp duty on Allotment Letters and costs of this issue but excluding ad valorem duty and expenses of transfer, are estimated at £10,000. The Zinc Corporation Limited has agreed to pay such expenses up to but not exceeding the sum of £10,000.

Applications for Shares will be received only from The Zinc Corporation Limited, Members of the Zinc Corporation Limited and those Members of Barrier South Limited who have agreed to transfer their shares in such Company to New Broken Hill Consolidated Limited.

Should any of such Members not wish to subscribe personally they can by completing the form of Renunciation transfer their rights to subscribe to any other person or Company.

Prints of the Prospectus as filed with the Registrar of Companies have been sent to members of the Zinc Corporation Limited and Barrier South Limited, who alone are entitled to apply for shares.

Dated 14th August, 1936.

could well transfer higher percentage of the interest due, the inference must surely be that they are unwilling to envisage any "permanent" rate which is not considerably above that figure. The action of the Greek authorities, on the other hand, has every appearance of being a concession which they hope may be counted to them for righteousness when a final settlement is sought. The present agreement, therefore, seems to be little more than a breathing space before the final heat in the tug-of-war. Its achievement, nevertheless, suggests that time is working, slowly but perceptibly, on the side of the bondholder. This impression is confirmed from another part of the world by this week's announcement that the Chinese Government has made an offer to resume interest payments on two more railway loans. The Lung-Tsing-U-Hai 5 per cent. railway loan is to be paid at the rate of $1\frac{1}{2}$ per cent. for the year beginning July 1, 1936, with an additional $\frac{1}{2}$ per cent. in succeeding years to a maximum of 4 per cent. The Canton-Kowloon railway loan of 1905 is to receive $2\frac{1}{2}$ per cent. for twenty years and 5 per cent. thereafter, plus any surplus in net railway earnings over \$200,000 per annum. These offers follow earlier proposals, made this year, covering the Tientsin-Pukow railway loans and the Honan railway loan. These, cumulatively, have furnished welcome evidence both of increasing disposition and ability on the Chinese Government's part to meet external obligations—and these are the first and last assets of bondholders the world over.

Rising Railway Receipts.—The home railway market finds current railway receipts much to its liking. Since the turn of the half-year the four main line railways have achieved, in eight weeks, an aggregate gain of £1,239,000 in gross receipts, compared with those of the corresponding weeks of last year. The total "gain" for the first 34 weeks of this year is as much as £3,058,000. The railways are evidently obtaining a share in a recovery which has now become common to almost all branches of British industry. It does not yet appear, however, that their share is proportionate to the total rise in activity. Gross receipts for the first 34 weeks show a rise of 3.1 per cent. over 1935; whereas the Index of Business Activity (which is published with our Trade Supplement this week) shows an average rise of 6.0 per cent. for the first seven months. Since the turn of the half-year, railway receipts have been running approximately 4.7 per cent. higher than in 1935, while our Business Activity Index shows a rise in July, as compared with July last year, of 7.5 per cent. The main beneficiaries from improved conditions are still the two "heavy" northern lines, which, having lost most, have most to gain. The following table forcibly suggests that goods rather than passengers are providing the lion's share of increased gross receipts, and that the continuance of recovery in industries like steel and heavy engineering, whose flight from rail to road is less easy than that of many of the newer industries, has been a major factor in this year's railway revival:—

Changes compared with 1935	L.M.S.	L.N.E.R.	G.W.R.	S.R.
	(%)	(%)	(%)	(%)
Passenger Receipts:—				
First 26 weeks	+ 0.16	+ 0.45	+ 0.55	+ 0.49
Next 8 "	+ 4.30	+ 3.26	+ 1.73	+ 1.69
Total 34 "	+ 1.51	+ 1.17	+ 0.69	+ 0.87
Merchandise Receipts:—				
First 26 weeks	+ 5.88	+ 3.37	+ 3.98	+ 0.28
Next 8 "	+ 6.99	+ 5.92	+ 4.49	+ 2.76
Total 34 "	+ 6.08	+ 3.95	+ 4.38	+ 0.87
Coal Receipts:—				
First 26 weeks	+ 3.97	+ 4.26	+ 2.08	+ 5.82
Next 8 "	+ 11.25	+ 9.35	+ 1.11	+ 5.55
Total 34 "	+ 5.41	+ 5.33	+ 1.87	+ 5.75
Total Receipts:—				
First 26 weeks	+ 3.28	+ 2.88	+ 2.34	+ 1.59
Next 8 "	+ 6.19	+ 5.37	+ 2.49	+ 2.02
Total 34 "	+ 4.00	+ 3.24	+ 2.28	+ 1.23

Comparison with the average figures for the pre-depression period, 1927-30, suggests that there has been a real improvement in the trend of receipts during the last few weeks, except—somewhat significantly—in coal receipts, which were particularly depressed at this time last year.

Changes compared with 1927-30	L.M.S.	L.N.E.R.	G.W.R.	S.R.
	(%)	(%)	(%)	(%)
Passenger Receipts:—				
First 26 weeks	- 14.8	- 16.2	- 19.6	- 8.5
Next 8 "	- 5.5	- 9.5	- 11.3	- 3.9
Total 34 "	- 12.4	- 14.1	- 16.9	- 7.0
Merchandise Receipts:—				
First 26 weeks	- 18.0	- 23.8	- 15.9	- 24.1
Next 8 "	- 15.9	- 21.0	- 11.8	- 19.5
Total 34 "	- 17.5	- 23.2	- 15.0	- 23.1
Coal Receipts:—				
First 26 weeks	- 9.4	- 9.3	- 17.7	+ 3.2
Next 8 "	- 10.6	- 11.2	- 17.5	- 9.5
Total 34 "	- 9.6	- 9.7	- 17.7	+ 0.4
Total Receipts:—				
First 26 weeks	- 15.1	- 17.6	- 17.8	- 10.7
Next 8 "	- 10.8	- 13.8	- 12.5	- 6.4
Total 34 "	- 13.9	- 16.6	- 16.4	- 9.4

Investors, however, will be loath to look for spectacular increases in *net* revenue, in view of the tendency towards increased expenditure revealed in the half-yearly statements.

Actuaries' Investment Index.—The Actuaries' index of 178 industrial equities is slightly higher this week, at 87.0, compared with 86.7 last week and 85.0 a month ago. The yield calculations are 3.63 per cent. this week, 3.64 per cent. last week and 3.70 per cent. a month ago. Movements in various groups are shown below, together with figures for various fixed interest securities:—

Group and No. of Securities	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago, July 28	Week ago, Aug. 18	This week, Aug. 25	Month ago, July 28	Week ago, Aug. 18	This week, Aug. 25
Fixed Interest						
2½% Consols	150.8	...	150.8	2.95	...	2.96
Misc. Ind. Debs. (17) ..	125.5	...	125.3	3.93	...	3.93
Misc. Ind. Pref. (44) ...	122.4	...	122.9	4.20	...	4.17
Ordinary						
Higher this week						
Building materials (5) ..	102.7	104.7	105.4	4.72	4.64	4.60
Motors (5)	58.5	59.9	60.1	4.04	3.95	3.82
Electric Supplies (10) ..	144.8	148.6	149.7	3.75	3.68	3.62
Stores and catering (20) ..	85.1	86.3	87.3	3.68	3.63	3.57
Miscellaneous (56)	77.3	78.4	79.0	3.93	3.89	3.87
Lower this week						
Cotton (6)	41.5	41.8	40.7	2.17	2.09	2.09
Iron and steel (12)	79.4	80.6	79.7	3.75	3.70	3.74

The yield on $2\frac{1}{2}$ per cent. Consols stands a fraction higher than a month ago. Higher prices and lower yields are the rule in the industrial equities, except in the cotton and the iron and steel groups.

COMPANY NOTES

Restaurant and Catering Companies.—The growing habit of taking meals away from home (which affords matter for complaint among gas company chairmen) has provided the restaurant and catering trade with an expanding market. The domestic servant problem is unlikely to become less acute; there is little sign of revival in housewifery; and the adult population will continue to increase for some time. For these reasons the catering trade can reasonably count on a continuance of rising demand. At present, however, that condition is overshadowed by the twin influences of fairly severe competition (combined with rising wholesale prices for provisions) and a tendency for wages to rise. Restaurateurs are retailers of a specialised kind. As the retail purchasing power of the public fell more slowly than wholesale prices at the beginning of the depression, the trade was at first able to fend off a serious fall in profits. But the heterogeneous nature of the traders, and the wide variation in their efficiency, made a growth of competition inevitable so soon as conditions became more difficult. Consequently, though wholesale food prices remain well below the 1928-29 level, profits are also substantially lower. Competition is taking several forms, the chief of which is the obvious reluctance to raise prices despite rising costs. It also includes a general movement to redecorate and reorganise premises. This is a capital investment forced on the traders to retain existing business rather than to create new, and it does not show any positive return. Moreover, profits have sometimes to bear

exceptional depreciation for decorations which have been scrapped. For the time being, therefore, there would not appear to be much scope for expansion of profits in the trade. If, however, economic revival can be maintained for some while longer, it is possible that the caterers may be able to raise their prices sufficiently to compensate for rising costs. This, in an expanding market where efficiency

(Profits in £000)							
	1930	1931	1932	1933	1934	1935	1936
Aerated Bread (Sept. 30):							
Earned for ord.	53.7	79.5	88.8	82.7	88.7	75.9	...
Earned %	5.5	8.5	8.9	8.8	8.7	7.6	...
Div. %	5	5	5	5	5	5	...
Cadena Cafés (Sept. 30):							
Earned for divs.	45.6	41.1	40.6	38.7	38.1	35.2	...
Div. %	20	20	20	17½	14	7	...
Carricks (Jan. 31):							
Earned for ord.	24.9	16.9	15.4	3.7	6.5	5.7	6.4
Earned %	22.2	15.5	14.6	3.5	6.2	5.2	5.9
Div. %	8	8	8	6	6	6	6
Gardner (London) (Sept. 30):							
Earned for ord.	6.9	9.8	7.1	4.8	11.7	12.3	...
Earned %	5.0	7.3	5.0	3.3	8.6	9.1	...
Div. %	3	4	4	3	5	5	...
Holborn & Frascati (Dec. 31):							
Earned for ord.	38.3	23.7	8.2	Dr. 2.9	14.1	11.4	...
Earned %	17.7	11.0	3.5	Nil	6.4	4.9	...
Div. %	12½	8	4	4	5	5	...
Lyons (Mar. 31):							
Earned for ord.	519.5	523.0	521.6	482.0	518.0	518.9	520.4
Earned %	30.7	30.7	30.7	27.6	29.7	29.5	29.8
Div. %	22½	22½	22½	22½	22½	22½	22½
Nuthalls (Dec. 31):							
Earned for pref.	11.5	3.9	Dr. 3.8	Dr. 6.9	Dr. 3.4	...	...
Earned for ord.	6.0	Nil	Nil	Nil	Nil	...	...
Earned %	3.0	Nil	Nil	Nil	Nil	...	...
Div. %	3½	Nil	Nil	Nil	Nil	...	...
Slaters & Bodegas (Sept. 30):							
Earned for ord.	69.0	65.2	36.5	25.8	24.0	29.6*	...
Earned %	13.2	12.9	6.2	5.1	4.6	5.7*	...
Div. %	12	10	6	5	5	5	...
"Ye Mecca" (Mar. 31):							
Earned for pref.	10.9	10.7	0.1	†	8.2	7.7	3.3
Earned for ord.	...	...	...	...	...	...	...
Earned %	Nil	Nil	Nil	†	Nil	Nil	Nil
Div. %	...	...	...	...	...	...	...

* Before charging directors' extra remuneration and managing director's commission.
† Previous years to December 31st. No financial period ended in this calendar year.
‡ Form of capitalisation and accounts makes calculation of earned rate doubtful.

was improving (especially in the case of the smaller concerns), would allow profits to achieve a late-maturing recovery—as happened in the later years of the last prosperity phase. In that event the smaller concerns would clearly have greater speculative possibilities than Lyons, the acknowledged leader of the trade, whose shares, as the accompanying table shows, have for many years been on a stable dividend basis.

Beet Sugar Finance.—The financial arrangements in connection with the Government's settlement of the beet sugar question are pursuing the even tenor of their way. The British Sugar Corporation, Limited, has been created with an ordinary share capital of £5,000,000, distributed among the various companies which it is absorbing in exchange for their respective share capitals. Particulars have been published this week of an issue of £750,000 $2\frac{1}{2}$ per cent. debenture stock, guaranteed by the Treasury, which has been issued to the fifteen vendor companies at 98, to provide working capital, and will be dealt in on the Stock Exchange. The stock, which has a first floating charge on the Corporation's undertaking, commands, of course, gilt-edged rates. It is redeemable over a period of twenty-five years by an annual cumulative sinking fund, but the Corporation has the right of redemption at par from 1946 onwards. Meanwhile, it is clear that the shareholders in the beet sugar companies will have no reason to complain over their fate. A final settlement is being delayed by two factors—namely, the hearing of an income tax appeal case before the House of Lords, and the absence, as yet, of an apportionment between the companies of the total amount granted for "capital services" under the terms of the Act. Two companies in the Lincolnshire group—the Lincolnshire Sugar and the Second Lincolnshire—have, however, called shareholders' meetings on September 15th. On what

PRELIMINARY NOTICE

GREAT NORTHERN STORES LIMITED

CAPITAL - £100,000

The Subscription List will open and close on
TUESDAY, September 1st, 1936, for an

ISSUE OF

1,220,000 Shares of 1s. each
at 2s. per Share.

The Prospectus will show, inter alia:—

- The Company has been formed to acquire a chain of 16 stores, principally situated in the districts of Manchester and London, operating as Retail Distributors of all classes of goods direct to the public.
- The Accountants' Certificate will show that the **net profits**, before charging Income Tax, but after providing for all other expenses, were as follows:—

For financial periods ending within
the year to 31st March, 1934 ... £14,195.
For financial periods ending within
the year to 31st March, 1935 ... £15,914.
For financial periods ending within
the year to 31st March, 1936 ... £18,793.
- The net profit for the financial period ending 31st March, 1936, of £18,793, is equivalent to **over 25 per cent. on the issued capital of the Company** and to **over 12½ per cent. on the issued price of the shares.**
- It is intended to establish departments for the sale of fixed price goods in the existing stores wherever this is practicable and, as opportunities occur, **additional stores will be opened for the sale of articles with a price range of 3d. to 5s.**
- It is anticipated that substantial savings will be effected through unification of control. The Company's ability to purchase goods in bulk will enable the stores to be supplied at lower cost, thereby affording adequate scope for larger profits on sales than in the past, and the Directors are of the opinion that the **net profits of the Company** for its **first financial year**, after charging all expenses, should not be less than **£21,000, equivalent to 28 per cent. on its issued Share Capital.**

Copies of the full Prospectus and Application Form can be obtained from:

Bankers:
DISTRICT BANK LIMITED,
75, Cornhill, London, E.C.3.

Brokers:
PIDGEON & STEBBING,
3, Copthall Buildings, London, E.C.2,
and Stock Exchange,

or from

COMMERCIAL & GENERAL FINANCE TRUST LIMITED,
Kent House, Telegraph St., London, E.C.2

appears to be a conservative estimate of the unknown factors, the directors declare that preference shareholders in Lincolnshire Sugar should receive 30s. 6d. for each £1 share and ordinary shareholders 7s. 6d. for each rs. share. These amounts are payable mainly in shares in the new corporation, taken at par, and the balance in cash. Ordinary shareholders in the Second Lincolnshire will receive 59 Corporation shares for every 40 shares held, i.e. the equivalent of 29s. 6d. for every £1 share. In the case of certain other groups, the terms may appear, at first sight, to be less generous, either because the balance sheet position at the last accounting date was less favourable or because the companies concerned have accepted a small allotment of Corporation shares in relation to their capital, since they have other assets which are not being transferred to the Corporation. There has never been anything like an active market in beet sugar shares, but the fortunate original shareholders will in most cases obtain a gratifying return from the tax-payers' bounty.

* * *

Lautaro Nitrate Scheme.—The announcement of the long-awaited reconstruction of the capital of the Lautaro Nitrate Company marks one more stage in the unravelling of the tangle of the Chilean nitrate industry. Less information is given than shareholders might desire, but the principles of the scheme are reasonably clear. The three prior charges—the 6½ per cent. First Mortgage and the 6½ per cent. First Mortgage (Antofagasta) Debenture stocks, of which £1,746,685 is outstanding, and the \$31,357,000 First Mortgage 6 per cent. Gold Bonds—are treated alike. They exchange their stock for income debenture stock and income bonds of equal nominal value. Thus their capital remains intact; but their redemption date is extended to 1975 and their four years' interest arrears are cancelled. As a measure of compensation, they receive 1 per cent. in cash and 1,122,533 "A" ordinary shares of £1 each. The distribution of these shares—244,537 for the debenture-holders and 877,996 for the bondholders—would appear slightly to favour the bondholders. No hint is given of the basis of division, but if the ratio of arrears in the last balance sheet had been taken, the bondholders would have secured only 862,980 shares. These income bonds and debentures participate with the company's bankers in the profits. The bank debt is written down from "sums largely exceeding" the new figure of £2,011,623—the exact aggregate is not given—and its redemption is wholly dependent upon the proceeds of the realisation of the 1933 nitrate stocks. These proceeds, whether greater or less than £2,011,623, will be paid to the bankers (apart from the sums legally due to the Chilean Government and the Banco Central de Chile) in full settlement of the debt. The bankers also receive 1 per cent. in cash and 225,000 "A" ordinary shares. During the "liquidation period," the interest on the outstanding bank debt is to be paid from profits. The whole profits are shared between the debenture-holders, bondholders and bankers in proportion to their respective capitals and debts outstanding. The bankers, however, participate only up to 2 per cent. The amounts available to each other class are divided by a complex formula between interest and redemption. The effect of the formula is that no stock is redeemed until 2 per cent. interest has been paid, and in no circumstance is more than 4 per cent. paid. For 1935-36, a dividend of at least 2½ per cent. will be paid. After the "liquidation period" is over—estimated by the directors to last until June 30, 1943, some 20 per cent. of the profits will be made available for the shareholders, and dividends will be paid to the hilt. The debenture-holders, bondholders and bankers will have 1,347,533 of the "A" ordinary shares. To these are added 800,000 "A" shares—the result of writing the 1,600,000 £5 cumulative preferred shares down to 10s. each—and 2,200,000 "B" ordinary shares of 5d. each—the result of writing down the rs. ordinaries to 5½d. and then consolidating them. The "A" and "B" shares rank equally for income. Although the "B" shares obtain only 2 per cent. of the equity, the principle of their reduction involves a serious discrepancy, for the preferred shares are written down by 90 per cent. and the ordinaries by only 54½ per cent. If the desire were to retain the con-

trol in the hands of the present ordinary shareholders, it would certainly not be incompatible with more equal treatment. The practical effect upon the preferred shareholders' prospects may be negligible, but the principle remains significant—though it is doubtful whether opposition will be forthcoming on such a formal ground.

* * *

Crosse and Blackwell.—In another scheme published this week—that of Crosse and Blackwell—the same principle is violated. The present is the third reconstruction since the war, and its predecessor left the company with the unusual capital structure of £2,250,000 in 7½ per cent. cumulative participating preference shares of 15s. each and £282,040 in rs. ordinary shares. The company's business is international. It has numerous foreign subsidiaries and a large export trade. In the conditions of the last few years, with such a capital structure, heavy preference dividend arrears have been well-nigh inevitable, and the total liability is now £928,125. The assets, also, are over-valued and there is a large debit carried forward. The scheme proposes to combine the two classes into ordinary shares, to cancel preference arrears, to write down the preference shares from 15s. to 6s., and, of course, to remove all preferential rights. The ordinary shares, on the other hand, are written down only from 1s. to 4d. The net effect is to give the preference shareholders 90.54 per cent. of the equity. The board admits that the ordinary shareholders have no rights and that the only reason for giving them 9.46 of the equity is to induce them to pass the scheme. Actually, however, unless profits reach a level double that of last year, the ordinary shareholders actually benefit, for they receive an earlier and larger dividend. The case for the simplification of an ungainly and artificial capital structure is strong. Further, we have repeatedly expressed the view, in these columns, that ordinary shareholders, generally, should never be deprived of all stake in future recovery. But the balance sheet and the company's earning prospects, even after the scheme, do not appear attractive enough to justify preference shareholders in making so extensive a concession as is suggested, to the holders of an equity which at present is admittedly worthless. In any case, the preference shareholders will now obtain voting control, and they have every incentive to make it effective.

* * *

Peter Robinson Offer.—The offer made to preference shareholders in Peter Robinson, announced at the end of last week, stands on a different footing. For one thing, acceptance is purely voluntary, and though voluntary schemes of capital reorganisation may occasionally include some objectionable feature—the withholding of information, for example—the fact that shareholders can simply ignore the offer if they think it unfair is in itself a powerful safeguard. The scheme, on the whole, is reasonable. The interim dividend has been passed, and the board announces that the company has been unfavourably affected by Court mourning and unseasonable weather. The board frankly state that, in view of the existing—and probably persisting—reduction in earning power they are desirous of increasing the share of profits available for the ordinary shares. They propose, therefore, to purchase up to one-half of the preference shares (which are entitled to 7 per cent.) and to replace them with a new 4 per cent. debenture. Preference shareholders may elect to receive cash in exchange, at the rate of 26s. a share—a clear shilling above the market price—or to receive new 4 per cent. debenture stock in conditions affording them a yield of 5.2 per cent. Otherwise they may merely "sit tight" on their preference shares. The terms are, in fact, so liberal that the ordinary shareholder will benefit only to the extent of 1 per cent. in dividends by the scheme. It is pertinent, indeed, to ask whether so meagre a result justifies the placing of a new fixed charge in front of the company's share capital. From this point of view the position of the preference capital will certainly be worsened, for the "cover" of the remaining preference shares will be significantly reduced.

Broken Hill Proprietary.—For several years past, writes our mining correspondent, the results of this enterprise have shown progressive expansion. Last year's net profit of £850,360 compared with £670,440 in the period to May, 1935, and £427,590 in 1933-34. In September, 1935, the capital was increased to provide for extensions and improvements and to acquire the whole of the ordinary shares of Australian Iron and Steel, Limited. Nevertheless, the rate has been raised to 2s. 6d., against 2s. in each of the two preceding periods. Last year's net profit was arrived at after the provision of £615,050 for depreciation—some £73,100 more than in respect of 1934-35. The gradual repayment of the debentures has reduced the requirements for interest. A further £500,000 is now transferred to reserve out of the funds accumulated in the appropriation account and used in the business. The reserve fund is thus raised to £2,500,000. The low prices ruling for metals and increased costs due to legislative enactments resulted in the cessation of mining operations at Broken Hill at the end of June, 1930. The recovery in lead and zinc prices, however, has changed the outlook, and ore extraction was resumed at Broken Hill last March. Extension of the company's activities to gold mining has resulted in the formation of a company named Wellington Alluvials, with a capital of £250,000 in 2s. shares, to operate an area nine miles long in the bed of the Macquarie River. The cabled summary gives a satisfactory account of operations in the Kalgoorlie district of Western Australia and describes the expansion of the company's iron mining activities in South Australia. On the current dividend the yield on the shares is little more than 3½ per cent. (allowing for payment in Australian currency), but the prospect of further dividend payments appears promising. For example, the Broken Hill North subsidiary has already made distributions totalling 12s. 6d. for the present year to date, against 7s. 6d. for the corresponding period last year.

* * *

Other Company Results.—An analysis of the reports of eleven companies appear on page 415. A satisfactory increase in the net profits of *Renold and Coventry Chain*, from £106,598 to £130,466, is reported, in spite of a slight fall in total sales; the dividend is raised from 7½ per cent. to 10 per cent. The net profits of *Lines Bros.* are, at £64,016, higher than for any previous year, and more than last year's by £2,575. *Meccano* have increased their profits from £24,945 to £27,684. *Toogoods*, the seedsmen, are able to maintain their 4 per cent. dividend, although profits have declined from £9,469 to £7,814. *Wiggins Teape*, whose example in publishing quarterly consolidated progress reports is all too rarely followed, give an estimate of net profits for the two quarters ended June 30th of £109,367, against £104,301. Of interest among this week's dividend announcements is the resumption of interim payments by *Ransomes and Rapier*, who declare a 2½ per cent. dividend. *Staveley Coal and Iron* are paying 9 per cent., tax free, as against 8 per cent., while *Sheepbridge Coal and Iron* have declared a substantially higher dividend of 10 per cent., as against 6½ per cent. The latter result is all the more satisfactory in view of the fact that the capacity of the iron and steel industries was already well occupied in the previous year.

THE WEEK IN THE MARKETS THE STOCK EXCHANGE

SETTLING DAYS

TICKET
SEPTEMBER 8

ACCOUNT
SEPTEMBER 10

BUSINESS has been on a modest scale this week, but prices have been very firm. Industrial news at home has been very encouraging, and the operators have been inclined to take a more optimistic view of European developments, particularly after the German embargo on arms to Spain was announced, although the effect of this step was somewhat overshadowed by the increase in the German army. The gilt-edged market was particularly firm, despite the limited turnover, and Colonial issues were in demand. Colonial stocks, particularly Australians, were attractive, but India stocks showed no change, while Home Corporation issues were quietly firm. The Foreign Bond market was better than last week, with

Greek issues supported on the debt settlement offer, and Chinese railway issues on the Lung Hai and Canton schemes for resumption of interest payments. German issues were depressed by the conscription announcement, although they showed signs of recovery later, and in mid-week French bonds, particularly the Railway Bonds, improved. Japanese issues suffered from the estimate of Japan's military budget.

Home rails hardened slightly before the traffics were published, but the excellent figures left them practically unchanged with very little demand. Great Western were affected by the trouble in the South Wales coalfield. The foreign Rails market was neglected, but Argentine common stocks hardened slightly on the good traffic figures.

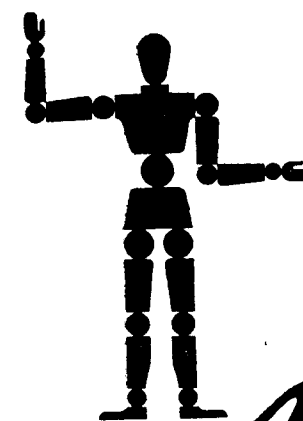
Industrial markets were firm. Iron and steel issues were a little soft at the beginning of the week, but interest was revived by several dividend announcements. Whitehead Iron reacted after a strong opening, and in mid-week Sheepbridge were a prominent feature on the higher dividend. The motor group was active, with Leyland touching a new high, but business quietened in mid-week. Aviation issues were quiet. Prices in the electrical equipment group have moved irregularly, with advances registered by English Electric and Lancashire Dynamo. Woolworth broke into new high ground in the Stores section, but reacted on profit-taking, while Crosse and Blackwell closed dull after publication of the capitalscheme. Textiles were easy during most of the week, and Courtaulds were supported in the rayon group. In mid-week there was a good demand for leading issues in the Brewery section.

Good progress was made in the miscellaneous industrials market, with gains registered by building material securities, except cement issues, and by many miscellaneous engineering shares. Turner and Newall and British Oxygen were prominent. Triplex held its gains in mid-week.

Interest in the Oil Shares market increased as the week progressed. Advices from America were encouraging, and Continental interest changed from selling to buying, with Shell particularly favoured. Anglo-Ecuadorian were supported on dividend anticipations and Apex (Trinidad) for the same reason. A rise in the price of rubber was followed by slightly increased activity in the rubber shares market in mid-week, and prices were marked up on this sign of revived interest in a market which has accustomed itself to depression. The tea share market has also enjoyed slightly better conditions, with public support in evidence for leading Indian and Ceylon issues.

(Continued on page 408)

TRIPLE SHELL LUBRICATING OIL



officially
recommended
by

Austin

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935		Prices, Year 1936		Name of Security	Price, Aug. 19, 1936	Price, Aug. 26, 1936	Rise or Fall	Yield Aug. 26, 1936	Prices, Year 1936		Name of Security	Price, Aug. 19, 1936	Price, Aug. 26, 1936	Rise or Fall	Yield Aug. 26, 1936		
High-est	Low-est	High-est	Low-est						High-est	Low-est						(a) %	(b) %
British Funds																	
94½	80	87½	83½	Consols 2½%.....	85	85	...	2 19 0	45½	85½	5(a)	5(b)	Bank of New Zealand £1	35½	35½	...	4 12 0
118½	109½	116½	113½	Do. 4½% Red. at par on or after Feb. 1957 (n)	114½	114½	...	3 1 0	38½	371	6(a)	6(b)	Bank of England Stk.	379	380	+1	3 3 0
103½	97½	102½	100½	Conserv. 2½% 1944-49	101½	101½	+	2 7 0	80½	74½	7(b)	7(a)	Barclay B. (£1)	79½	79½	+6d	2 6 3
107½	100½	105½	103½	Do. 3½% 1948-53.....	103½	104½	+	2 14 0	48½	43½	3(b)	2(a)	Barcl. (Dom. & C.) A £1	46½	46½	...	4 0 0
112½	104½	108½	106½	Do. 4½% after 1961 (s)	108½	107½	+	3 1 9	42½	43½	8(c)	8(c)	Bk. of Australasia (£5)	9½	9½	+	4 1 0
114½	108½	111½	108½	Do. 4½% 1940-44.....	108½	109½	+	2 2 6	24½	24½	3(a)	3(a)	Bk. of Montreal (\$100)	26½	26½	...	7 10 0
124½	115½	121½	117½	Do. 5% 1944-46.....	119½	119½	+	2 9 0	95½	76½	6(c)	6(c)	Bk. of N.S. Wales (£20)	26½	26½	...	4 11 9
106½	98½	104½	101½	Funding 2½% 1956-61	99½	99½	...	2 18 3	137½	137½	2(a)	3(b)	Chd. of India (£50)	14½	15½	+1	3 14 0
121½	111½	116½	112½	Funding 4% 1959-69.....	118½	118½	...	2 17 0	91½	85½	8(a)	8(a)	Comm. Bk. of Aus. 10½	15½	15½	...	4 1 0
119½	110½	117½	113½	Funding 4½% 1960-90.....	118½	118½	...	3 9 7	56½	42½	5(b)	5(b)	District A £5, £1 pd.	90½	90½	...	10 9 0
110½	101½	108½	104½	Victory Bonds 4½%	116½	115½	+	2 19 9	96½	82½	12(a)	12(a)	Do. B £1 fully paid	58½	56½	-1/10	10 9 0
98½	89½	97½	94½	War Loan 3½% after 1952 (p)	107	107	...	3 2 0	11½	101½	6(a)	11(b)	Eng. Scot. & Aust. £5 £3 pd	85½	85½	...	5 8 3
104½	96½	103½	101½	Local Loans 3%	96½	97	+	2 16 9	110½	95½	3(b)	2(a)	Hambros £10, £2½ pd	110½	111½	...	3 16 6
86½	78½	85½	83½	Austria 3% 1933-53.....	102½	102½	...	3 8 6	64½	61½	6(b)	6(b)	Hong & S. (£125)	62½	62½	...	3 14 6
121½	112½	118½	114½	India 2½%.....	113½	113½	...	3 10 0	98½	91½	8(b)	8(a)	Lloyds £5, with £1 pd.	93½	94½	+1	3 10 0
119½	110½	117½	113½	Do. 3½%.....	113½	113½	...	3 9 6	44½	39½	11(b)	4(a)	Midland £1, fully pd.	41½	42½	...	4 1 6
108½	100½	107½	104½	Do. 4½% 1958-68.....	105½	105½	...	3 11 0	46½	42½	9(a)	9(b)	Nat. of Egypt £10	45½	45½	...	3 16 6
108½	100½	107½	104½	U.K. & Arg. 4½% (1947)	105½	105½	...	3 11 0	16½	15½	7(b)	7(a)	Nat. of India £25, £12½ pd	14½	15½	...	3 9 0
113½	106½	112½	109½	Dom. & Colonial Govts.	110	111	+	3 12 6	500	468½	8(a)	8(a)	Royal Bk. of Scotland	495	495	...	3 17 6
113½	106½	112½	109½	Australia 5% 1945-75.....	110	111	+	3 12 6	15	15	5(a)	7(b)	St. of S. Afr. £20, £5 pd.	95½	95½	+6d	3 15 6
113½	106½	112½	109½	Canada 4½% 1940-60.....	106	106	...	2 15 9	98½	90½	9(b)	9(a)	Westminster £4, £1 pd	95½	95½	+6d	3 15 6
113½	106½	112½	109½	Gold Coast 4½% 1956.....	115	115	...	3 9 6	118	118	...	...	Discount Govt.	92½	92½	...	4 2 3
113½	106½	112½	109½	Nigeria 5% 1950-60.....	118	118	...	3 14 6	95½	88½	10(b)	9(a)	National A £2, £1 pd	16½	16½	...	4 0 0
113½	106½	112½	109½	N. Zealand 5% 1946.....	111	111	...	3 6 0	55½	52½	12(b)	7(a)	Union £1 of stock	54½	55½	+6d	2 15 3
113½	106½	112½	109½	Queensland 5% 1940-60	108	108	...	3 6 0	32½	30	40(a)	50(b)	Insurance	32½	32½	...	2 15 3
113½	106½	112½	109½	S. Africa 5% 1945-75.....	115	115½	+	3 1 0	14½	14½	14(b)	14(b)	Atlas £5, £1 pd.	15½	15½	...	3 12 0
101½	98	103½	99½	Argentine 4% Resc. 1952	101	101	...	3 19 0	12½	10½	20(a)	20(b)	Comm. Un. £1, fully pd.	26½	27½	+	2 19 6
101½	98	103½	99½	Austria 7% 1957.....	94½	95½	+	7 9 8	38½	28½	28(a)	38(b)	Gen. Accident £5, £1 pd	36½	36½	...	2 14 6
101½	98	103½	99½	Do. 4½% 1934-59.....	88	88	...	5 10 0	14½	12½	31(b)	31(b)	N. Brit. & Mer. £1, fy. pd.	14½	14½	...	2 12 6
101½	98	103½	99½	B. Aires (Prov.) 3½%.....	108	108	...	6 8 6	22½	21½	35(a)	45(b)	Northern £10, £1 pd	22½	22½	...	2 3 6
101½	98	103½	99½	Belgian 7% red. by 1956	108	108	...	6 8 6	28½	21½	35(a)	45(b)	Pearl (£1), fully paid	23	23	...	3 12 3
101½	98	103½	99½	Bulgaria 7½% Loan.....	108	108	...	15 10 0m	28½	21½	35(a)	45(b)	Phoenix £1, fully paid	15½	16½	+1	2 8 3
101½	98	103½	99½	Brazil 5% Fund. 1914	108	108	...	7 1 0	12½	10½	20(a)	20(b)	Prudential £1 A	38	38½	+5d	1 11 0
101½	98	103½	99½	Chil. 6% (1929).....	108	108	...	5 19 9	12½	10½	20(a)	20(b)	Do. £1, with 4s. paid	112½	112½	...	2 12 9
101½	98	103½	99½	China 5% (1913).....	92	92½	+	8 0 0	12½	10½	20(a)	20(b)	Royal Exchange (£1)	11½	11½	...	3 5 0
101½	98	103½	99½	Czechoslovakia 8%.....	99½	100½	+	1 5 0	10½	9½	33(a)	33(b)	Royal £1, 10½ pd.	9½	9½	...	3 5 0
101½	98	103½	99½	Danish 3%.....	110	110	...	2 14 9	10½	9½	33(a)	33(b)	Sea Insur. £1, fully pd.	5½	5½	...	3 18 0
101½	98	103½	99½	Do. 5% (1913).....	92	92½	+	8 0 0	12½	10½	20(a)	20(b)	Sun Insur. £1, with 5½ pd	4½	4½	...	1 18 3
101½	98	103½	99½	Egypt Unified 4%.....	104	105½	+	3 15 0	10½	9½	33(a)	33(b)	Sun Insur. £1, fy. pd	8½	8½	...	2 7 6
101½	98	103½	99½	French 4½% (British).....	21	21	...	12 2 6	4½	4½	13(a)	13(b)	Yorkshire £1, fully pd.	20	20	...	2 7 6
101½	98	103½	99½	German 7% Dawes Ln.	59½	60½	+	12 2 6	4½	4½	13(a)	13(b)	Yorkshire £1, fully pd.	20	20	...	2 7 6
101½	98	103½	99½	Do. 5½% (Young Ln.)	39½	40½	+	14 2 6	8½	7½	17(a)	17(b)	Yorkshire £1, fully pd.	20	20	...	2 7 6
101½	98	103½	99½	Greek 6% Stab. Ln.	31½	34½	+	...	21½	18½	17(a)	17(b)	Yorkshire £1, fully pd.	20	20	...	2 7 6
101½	98	103½	99½	Do. 7% (Refugee).....	40½	44½	+	...	21½	18½	17(a)	17(b)	Yorkshire £1, fully pd.	20	20	...	2 7 6
101½	98	103½	99½	Hungary 7½% Loan.....	42½	43½	+	8 11 6	280	255	61(b)	34(a)	Anglo-American Deb.	270	270	...	3 14 0
101½	98	103½	99½	Japanese 5½% 1936-45	84½	83	-1½	6 12 6	59	59	2(c)	2(c)	Anglo-Celtic Ord. £1	67½	67½	...	3 11 0
101½	98	103½	99½	Do. 6% (1924) red 1959	88	88	...	2 17 6	7½	19½	13(c)	3(c)	Atlas Electric, etc. £1	6½	6½	...	0 19 3
101½	98	103½	99½	Norwegian 4% 1911.....	140	140	...	9 0 9	253	242	6(b)	4(a)	Brit. Assets Trust 5½	15½	15½	...	4 1 0
101½	98	103½	99½	Peru 7½% 1922.....	42½	42½	...	9 0 9	95½	75½	14(a)	14(b)	Debutent Corp. Stk.	246½	246½	...	3 16 6
101½	98	103½	99½	Poland 7%.....	80½	77½	-3	9 0 9	157½	144½	34(b)	24(a)	For. Amer. etc. Def.	78½	78½	...	4 3 0
101½	98	103½	99½	Roumania 4% Con. 1922	101	101	...	2 9 6	238	238	5(a)	7(b)	Guardian Investment...	144½	144½	...	3 14 6
101½	98	103½	99½	U.K. & Arg. 1936.....	148	148	...	2 9 6	333	300	5(a)	7(b)	Indus. and Gen. Ord.	305	305	...	3 18 6
101½	98	103½	99½	5½% B. Certs. (1951)	115½	115½	...	4 4 0	18½	15½	2(a)	5(b)	Invest. Trust Def.	305	305	...	3 18 6
101½	98	103½	99½	Do. C. Certs. (3% Max.)	82½	84½	+	3 11 0	18½	15½	2(a)	5(b)	Lake View Invest. 10½	17½	17½	+3d	3 16 6
101½	98	103½	99½	Corporation Stocks	22½	22½	...	...	312	270	7(b)	34(a)	Mercantile Investment	275	275	...	4 3 3
101½	98	103½	99½	Berlin 6% 1932-57.....	118	118	...	3 1 9	183	167½	4(b)	3(a)	Merchants Trust Ord.	174½	174½	...	4 3 3
101½	98	103½	99½	B'mingham 5% 1946-56	118	118	...	3 1 9	310	264	6(b)	5(a)	Metropolitan Trust...	264	264	...	0 18 9
101½	98	103½	99½	Bristol 5% 1948-58.....	117½	117	...	3 5 3	232½	217	Nil	14(c)	Scottish Investment (5½)	8½	8½	...	3 16 3
101½	98	103½	99½	Dunelm 7% 1935-45.....	86½	86½	...	10 18 9	232½	217	Nil	14(c)	Scottish Mortgage, etc.	222½	222½	...	4 0 0
101½	98	103½	99½	E. London 5% 1960-70	120½	120½	...	3 14 3	251	221½	24(a)	6(b)	Trustees Corp. Ord.	223½	223½	...	3 12 3
101½	98	103½	99½	Johannesb. 5% 1937-52	103	103	...	3 3 0	244	220	5(a)	3(a)	United States Debenture	220½	221½	...	3 12 3
101½	98	103½	99½	L.C.C. 3%.....	85½	85½	...	3 3 0	18½	15½	2(a)	5(b)	United States Debenture	220½	221½	...	3 12 3
101½	98	103½	99½	Seine (Dpt. of) 4½% 1952	88½	87	-1½	5 15 0	18½	15½	2(a)	5(b)	United States Debenture	220½	221½	...	3 12 3
101½	98	103½	99½	Public Bonds	116½	116½	...	3 9 9	18½	15½	2(a)	5(b)	United States Debenture	220½	221½	...	3 12 3
101½	98	103½	99½	Central Elec. 5% 1950-70	116½	116½	...	3 9 9	18½	15½	2(a)	5(b)					

(Continued from page 405).

The Kaffir market has been fairly active, with good support in evidence from the Cape, and many prices were higher in mid-week, despite a slight slackening off in interest. Dealings in the Libanon shares opened with a fair turnover. In the Far Western group Venterspost moved up sharply in sympathy with Cape prices, on rumours of new developments, but reacted later in the week. Finance descriptions attracted a good demand. Professional support was evident in the West African department, particularly for Amalgamated Bank and Gold Coast Selection issues, and the market looked brighter than for some time past. Rhodesian Copper issues have been firm, and tin issues have been neglected in spite of a slight improvement in the commodity price.

In mid-week business on the Paris Bourse was fairly satisfactory and prices generally were higher, this improvement being attributed partly to Dr Schacht's visit to M. Labeysie. Prices on the Berlin Bourse turned upward and are advancing slowly, as the shock of last week's political bombardment is forgotten. Conditions at Amsterdam were depressed, but tea shares were brighter in mid-week.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Aug. 21	Aug. 20	Aug. 21	Aug. 24	Aug. 25	Aug. 26	Aug. 27
Govt. and Municipal	4,898	885	970	1,078	957	923	963
Transport, etc.	4,672	797	916	1,022	823	819	882
Comm. and Ind.*	22,937	4,634	4,509	5,022	4,152	4,578	4,479
Banks and Ins.	2,461	430	481	545	466	508	474
Mines	5,163	1,101	1,106	1,432	1,111	1,198	1,138
Oils	928	138	252	237	170	182	184
Rubber and Tea	1,196	273	255	311	224	267	247
Total	42,255	8,258	8,489	9,647	7,903	8,470	8,347
Corres. day 1935...	...	8,129	8,316	7,520	6,869	7,020	6,420

* Including Steels and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY SHARES. (July 1, 1935 = 100)

Highest†	Lowest†	Aug. 20	Aug. 21	Aug. 24	Aug. 25	Aug. 26	Aug. 27
117.3	107.4	116.7	116.5	116.8	116.9	117.3	117.2

† Aug. 26. † January 2.

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest†	Lowest†	Aug. 20	Aug. 21	Aug. 24	Aug. 25	Aug. 26	Aug. 27
138.4	136.2	137.8	137.8	137.7	137.7	137.7	137.8

† February 10. † June 26.

AMERICAN STOCK EXCHANGES

NEW YORK

At the beginning of this week the Wall Street markets had recovered part way from the low levels reached in Friday's dramatic slump, which had been provoked partly by a technical reaction, but mainly by a sudden scare of European war. This week prices moved slowly upward, with conditions very quiet and summer-like. One of the most bullish factors has been the estimate by *Iron Age* that steel mill activity is now 73 per cent. of capacity, compared with 72.5 per cent. last week, and that orders are still increasing faster than they can be completed. The industry has not yet got rid of the prospect of labour troubles, but steel shares have been very well supported. Reports from many industries are very encouraging, there have been several excellent dividend announcements, and Treasury issues have been put up to new high levels in the bond market on anticipations that no new money will be borrowed in September. Mr Morgenthau's expectation of soon-to-be-balanced budgets may not be far from the mark, since the evidence shows rapidly increasing Federal revenues from taxation and from repayments to the Reconstruction Finance Corporation. Even the drought has produced some compensation for the farmers who have crops to sell, in the form of higher prices which it is estimated may offset the decline in output. In mid-week, despite these justifications for strength, there was a modest setback in prices of most

securities, and Treasury issues were slightly irregular. Power output for the week of August 22nd was 15.2 per cent. higher than for the corresponding week of 1935.

	Aug. 19, 1936	Aug. 26, 1936	Aug. 27, 1936	Aug. 19, 1936	Aug. 26, 1936	Aug. 27, 1936
	(Close)	(Close)	(Latest)	(Close)	(Close)	(Latest)
1. <i>Rails & Transport</i>						
Acheson	82½	76½	78½	113½	110	113½
Balt. and Ohio	22½	21½	22½	38	37½	38½
B.M.T.	52½	51½	51½	65½	64½	65½
Can. Pacific	12½	11½	11½	16½	16½	16½
Ches. and Ohio	66½	65½	65½	19½	19½	19½
Gt. Nthn. Ry. Pl.	40½	38½	40	15½	15½	15½
Illinois Central	26	25½	26½	10½	10½	10½
N.Y. Central	41½	40½	41½	28½	27½	28½
Nor. Pac.	28½	24½	25½	71½	69½	71½
Pennsylvania R.R.	37½	37½	38½	25	24½	25½
Southern Pac.	42½	39½	41½	75½	72	73½
Southern Ry.	21½	20½	21½	230½	225	230½
Union Pac.	138½	139	140	126	125	126½
Greyhound Corp.	59½	57	56½	15½	15½	15½

2. *Utilities and Communications*

Am. Waterworks	25½	23½	24½	159½	155	157
C. Wealth & S. Thern (Cons. Gas of N.Y.)	3½	3½	3½	93½	93	94
Cons. Gas. Edison	4½	4½	4½	35½	35	36
Col. Gas & Electric	21½	20½	21	55	52½	54
Elec. Bond & Share	23½	21	21	46½	45	46½
Nat. Pwr. and Lt.	11½	11½	11½	139½	139	140
North American	32½	30½	31½	121½	120	121½
Pac. Gas & Electric	40½	38½	38	25½	25	26
Pac. Lighting	56½	53½	54	74½	74	74½
Pub. Service N.J.	46½	45	45½	68½	68	69
Stan. Gas & Elec.	7½	7½	7½	134½	134	134½
United Corp.	7½	7½	7½	78	77½	78½
United Gas Imp.	16½	16½	16½	117½	115½	118½
Am. Tel. & Tel.	174½	175	174	22	22	22
Int. Tel. and Tel.	19	18½	19	22	22	22
Western Union	88½	86	87	149½	149	149½
Radio	10½	10½	10½	42½	42	43
Radio B Pref. New	74	72	72½	55½	55	56

3. *Extractive and Metal Industries*

Am. Rolling Mills	27½	26½	27	44½	44	45
Beth. Steel	62½	63½	65½	86½	86	87
Beth. Steel Pref.	121	120½	121	81	81	81
Republic Steel	22½	21½	22½	15	15	15
U.S. Steel	68½	66½	68½	33½	33	34
U.S. Steel Pref.	133	138	139	54	53	54
Alaska Junction	14½	14½	14½	30	30	30
American Metal	32½	31½	31½	38	38	38
American Smelting	85½	82	82½	21	21	21
Anaconda	39½	37	38	52	52	52
Bohn Aluminum	41½	43½	43	27½	27	27½
Cerro de Pasco	53	52½	52	15½	15	15½
Int. Nickel	59½	53	53	101½	101	101½
Kennecott	47½	45½	46	107	106	107
Patino Mines	11½	11	11	22½	22	22½
Texas Gulf Sulph.	37	38½	38½	58	58	58
U.S. Smelt.	78½	76½	77	44½	44	45
Vanadium Corp.	24½	22	23	28½	28	29
Atlantic Refining	28½	27	27½	29	28	29
Phillips Petroleum	42½	41½	42	138	137	138
Shell Union	122½	122	122	79½	79	79½
Shell Union Pref.	122	120	121	138	137	138
Socoy Vacuum	14	13	13	79	78	79
Stand. Oil Calif.	37	35	35½	14	13	14
Stand. Oil N.J.	64	63½	63	80½	80	80½
Texas Corp.	39	37	37½	79	78	79

By courtesy of the Standard Statistics Company, Inc., of New York, we print the adjoining index figures of American values calculated on closing prices (1926=100).

	1935		1936		Be- ginning of Year 1936	Aug. 12 1936	Aug. 19, 1936	Aug. 26, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Aug. 12				
347 Industrials	74.5 (f)	112.3	112.7	130.3	112.8	130.3	128.7	126.4
32 Rails	27.4	43.0 (w)	42.8	55.4	41.5	55.4	54.3	52.6
40 Utilities	52.2	93.6	91.2	110.2	93.6	110.2	108.6	106.3
Total, 419 Stocks	63.1	97.7	97.7	114.7	97.7	114.7	113.2	111.0
Average yield*	3.02%	4.06%	3.60%	3.22%	3.22%	3.22%	3.47%	3.54%

* 50 Industrial Common Stocks. (f) March 13th. (c) April 28th.
(a) April 8th. (v) November 13th. (w) December 4th.

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

Highest*	Lowest†	Aug. 19	Aug. 20	Aug. 21	Aug. 22	Aug. 24	Aug. 25	Aug. 26
152.2	126.2	149.2	148.5	144.0	145.8	147.2	147.5	149.4

* August 8th. † January 6

TOTAL DEALINGS IN NEW YORK

	Aug. 20	Aug. 21	Aug. 22*	Aug. 24	Aug. 25	Aug. 26
Stock Exchange— Shares (No. Thous.)	960	1,480	430	800	800	810
Bonds (Thous. \$)...	7,480	9,520	3,590	6,340	8,170	7,970
Curb— Shares (Thous.)	249	365	86	181	182	223

* Two-Hour Session.

CAPITAL ISSUES

ISSUES OF THE WEEK

January 1 to August 22, 1936, including conversions, Old Basis, £301,264,329.
January 1 to August 22, 1936, excluding conversions, Old Basis, £123,880,242.
January 1 to August 22, 1936, including conversions, New Basis, £223,500,841.
January 1 to August 22, 1936, excluding conversions, New Basis, £229,307,864.

National Savings Certificates, Net receipts week ended August 22, 1936, Dr. £50,000.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conver- sions	New Money
To the Public	Nil	Nil	Nil
To Shareholders only	721,550	...	1,078,899
By Stock Exchange Introduction	387,500	...	501,375
By Permission to Deal	571,544	...	1,169,544

	Total Capital raised— Including Conversions	Excluding Conversions	Total offered for Subscription— Including Conversions	Excluding Conversions
January 1 to date—	£	£	£	£
1936 (New Basis) ...	326,201,659	232,907,682	548,351,393	236,147,637
1936 (Old Basis) ...	302,293,228	124,909,141	410,980,300	169,108,700
1935 (New Basis)* ...	336,214,502	215,100,340	467,921,500	244,780,500
1935 (Old Basis) ...	249,754,718	124,771,645	2,699,684,265	188,909,963
January 1 to date (Old Basis)—	290,690,429	116,167,691	2,699,684,265	188,909,963
1934 ...	231,027,427	133,801,861	683,000,056	369,058,073
1933 ...	455,532,587	283,431,964	...	...
1928 ...	1,920,000,000	for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.	...	...

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—	£	£	£	£
1936 (New Basis) ...	79,284,556	28,926,504	123,796,622	232,007,682
1936 (Old Basis) ...	62,777,798	14,492,182	47,639,161	124,909,141
1935 (New Basis)* ...	93,838,980	40,027,310	81,234,050	215,100,340
1935 (Old Basis) ...	72,660,751	25,732,167	26,378,727	124,771,645
Whole year—(Old Basis)—	212,917,900	45,062,600	111,177,600	369,158,100
1933 ...	202,064,300	12,733,700	9,982,500	244,780,500
1934 ...	122,769,300	21,461,000	44,878,400	169,108,700
1935 ...	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in thirty-five weeks ended August 31, 1935.

BY STOCK EXCHANGE INTRODUCTION

British Sugar Corporation, Ltd.—Particulars of issue of £750,000 2½ per cent. debenture stock to vendor companies at 98. Principal and interest guaranteed by Treasury. Redeemable through sinking fund by July 1, 1961, or at par after 1946 on three months' notice.

Bywater, M. and Company, Ltd. (Introduced through Birmingham Stock Exchange).—Issued capital, 160,000 5s. ordinary and 40,000 6 per cent. cumulative £1 preference shares. Founded 1833. Manufacturers of pork pies and cooked meats. Net assets, £82,669. Average profits for seven years ended 1934, £6,041. Profit first year of trading, after depreciation, £6,505. Dividend on ordinary shares, 12 per cent.

Vosper, Ltd.—Issued capital, 300,000 5s. ordinary and 500,000 1s. deferred shares. Shipbuilders and engineers; specialising in high-speed craft. Net assets, £50,137, acquired for £60,000, payable by £20,000 cash and £40,000 in 60,000 ordinary and 500,000 deferred shares. Profits before depreciation, leasehold amortisation, and interest: 1933, £1,642; 1934, £2,996; 1935, £3,556.

Brettell (George) and Company, Ltd.—Particulars of issue of 150,000 five per cent. cumulative £1 preference shares; repayable at 2s. premium on winding up. No debenture issue without preference shareholders' sanction by extraordinary resolution. Hosiery and underwear manufacturers for over 150 years. Net assets, £363,794. Total assets, £509,323. Profits, after depreciation, years to January 19th: 1934, £32,243; 1935, £21,389; 1936, £20,043. British and Allied Investments Corporation take issue at par.

New Broken Hill Consolidated, Ltd.—Capital 2,400,000 5s. shares. Issue at par of 1,250,000 5s. shares, of which 891,831 are being offered to members of Zinc Corporation, Ltd. Members of Barrier South can apply for five shares for each preference and one share for a two ordinary held. Incorporated July 8, 1936, to carry on a mining finance business. The Zinc Corporation, Ltd., has agreed to act as general managers of New Broken Hill Consolidated, Ltd., for a period of 20 years from the date of its incorporation. The purchase price payable to the Zinc Corporation, Ltd., for the share interests and leases agreed to be sold is £158,269, which will be satisfied as to £15,000 in cash and £143,269 in shares. The proceeds of the present issue will provide the company with £312,500 of which it is estimated £297,500 will be available for working capital.

PRIVATE PLACING

United Kingdom Gas Corporation.—£200,000 3½ per cent. debenture stock has been placed privately. To finance acquisition of gas undertakings in the North.

ISSUES TO SHAREHOLDERS ONLY

Beautifull Furniture.—100,000 new 5s. shares at 10s., one for each half held.

Inledon and Lamberts.—Issue of 31,851 ordinary shares £1 at par, in proportion of one for each four. Lists close September 15th. Shares rank for dividend from October 1, 1936. Issue to provide funds to a subsidiary to enable it to repay private loans and bank overdrafts, and for extensions.

South African Torbanite Mining and Refining.—Issue of 295,000 new 10s. shares at 15s., to provide capital for completion of programme. List closes September 7th.

Tube Investments.—Issue of 517,199 ordinary £1 shares at 30s., one for each five held on July 29th. Lists close September 30th.

FORTHCOMING ISSUE

Great Northern Stores, Ltd.—Prospectuses for the issue of Great Northern Stores, Ltd., are now available from the Bankers, District Bank, Ltd., 75, Cornhill, London, E.C.3, the Brokers, Pidgeon and Stebbing, 3, Copthall Buildings, London, E.C.2, and from Commercial and General Finance Trust, Ltd., Kent House, Telegraph Street, London, E.C.2. The Prospectus shows that the Company, retail distributors of all classes of goods direct to the public, has earned net profits in the last financial year equal to over 25 per cent. on its issued capital. Lists will open and close on September 1st.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Aug. 19, 1936	Price, Aug. 26, 1936
Armstrong Stevens 5/-	10/6	10/6	par-3d pm 21/-21/6	10/4-10/7½ 20/10-21/4½
British Sugar	21/-	...	21/-22/-	21/9-22/9 pm
Burton (M.) Shop 5% Pref.	101	...	100-101	100-101
Do. 4% Debts.	101	...	20/6-21/-	20/7-21/1
Danish Bacon 5% Pref.	20/-	...	21/-21/6	21/6-22/6
Goodyear Tire 4½% Pref.	20/-	10/-	2/6-3/3 pm	4/10-5/1½ pm
Groves (John) Ord.	20/-	10/-	10-11½ pm	1/7-1/10½ pm
Do. 5% Pref.	...	...	100-101½	102-103
Do. 4% Debts.	...	...	16-16/6	16/4-16/10½
Holroyd (J.) 5/-	...	...	2/9-3/3 pm	4-4½-4/8
McCarthy Roadway Ord. £1	5/-	...	2/-2/6 pm	2/-2/6 pm
New Broken Hill 5/-	...	...	7/6-8/-	8/6-9/-
Scophony 5/-	99	29	1½-2½ pm	1½-2½ pm
Sydney C.C. 4%	...	...	2/3-2/6	2/4-2/7½
Tarran Industries 2/-	98	...	98-99	98-99
Taylor Walker 3½% Debts.	98	...	4/1-4/7	4/1-4/7
Wallis Tin Stamping 2/-	98	5	1½-1½ pm	1½-1½ pm
Wembley U.D.C. 3%	...	...	...	...

COMPANY MEETINGS, &c.

COMPASS INVESTMENT TRUST, LIMITED

IMPROVEMENT IN VALUES

The seventh ordinary general meeting of the Compass Investment Trust, Limited, was held, on the 26th ultimo, at Winchester House, Old Broad Street, London.

Mr Paul Lindenberg (the chairman) said: The balance-sheet figures as at June 30, 1936, show an improvement as against those of the previous year under practically all headings. The depreciation of the investments now amounts to 17.43 per cent., against 21.22 per cent. at June 30, 1935. Since the end of June last there has been a further improvement, which we hope will continue, especially in regard to the old holding of securities outside the United Kingdom, which represents the largest part of the depreciated securities, and, incidentally, I may say that these securities contribute even now very little to the income of the company.

We are watching the securities very carefully and would, of course, like to replace them by British investments in order to improve the income account. However, the transfer of foreign investments into British securities, which your board desires, can only be carried out very gradually and with the utmost care.

The gross income of £33,286 8s. 10d. is about £1,000 in excess of last year's figure.

The dividend which we have to pay on the preference stock is very high for the present conditions, and cuts, of course, into the amount remaining at our disposal for dividends on the ordinary stock. Taking, however, the two dividends together—namely, the dividend on the preference stock and ordinary stock, which we are in a position to pay to our old stockholders, if they kept both kinds of stock, the combined rate is even now over 4 per cent. per annum, which cannot be regarded as unfavourable for present-day monetary conditions.

The dividend which has been paid on both classes of stock since the formation of the company works out at an average rate of 4.56 per cent. per annum, not a bad record considering the difficult times through which we have passed and which affected so seriously the investment companies, especially those that had not been able to create large reserves during many years of their existence previous to the crisis.

The report and accounts were unanimously adopted and a dividend of 2 per cent., less tax, on the ordinary stock was declared.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended August 22, 1936, amounted to £17,009,000, against ordinary expenditure of £6,622,000. After allowing for an increase in Exchequer Balances of £361,627, the operations for the week, as shown below, decreased the gross National Debt by £9,800,000 to approximately £7,976 millions.*

(000's omitted)

REVENUE	Estimate for the year 1936-37	April 1, 1935, to Aug. 24, 1935	April 1, 1936, to Aug. 22, 1936	Week ended Aug. 22, 1936	Week ended Aug. 22, 1935
Treasury Bills	—	—	—	—	—
Public Department Advances	—	—	—	—	—
Nat. Savings Certificates	—	—	—	—	—
	—	—	—	—	—
	—	—	—	—	—

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

A complete analysis of the approximate position of the National Debt at June 30, 1936, appeared in the *Economist* of July 4, 1936.

REVENUE	Estimate for the year 1936-37	April 1, 1935, to Aug. 24, 1935	April 1, 1936, to Aug. 22, 1936	Week ended Aug. 22, 1936	Week ended Aug. 22, 1935
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	43,847,000	38,371,000	3,138,000	4,006,000
Sur-tax	56,800,000	5,280,000	5,320,000	80,000	90,000
Estate, etc., Duties	89,000,000	36,290,000	33,820,000	1,650,000	1,760,000
Stamp	27,000,000	6,610,000	6,900,000	200,000	280,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	120,000	120,000	...	10,000
Total Inland Revenue	433,000,000	92,147,000	84,531,000	5,068,000	6,146,000

1936 — OUR CENTENARY YEAR

"The best pledge of the future
is from the past"

THE
LIVERPOOL
AND
LONDON
AND
GLOBE
INSURANCE CO., LTD.

Head Office: 1 Dale Street, Liverpool, 2 (Chief Office): 1 Cornhill, E.C.3 London:

REVENUE	Estimate for the year 1936-37	April 1, 1935, to Aug. 24, 1935	April 1, 1936, to Aug. 22, 1936	Week ended Aug. 22, 1936	Week ended Aug. 22, 1935
Customs and Excise—					
Customs	207,525,000	78,051,000	80,839,000	4,542,000	4,163,000
Excise	110,000,000	42,500,000	42,500,000	2,100,000	6,300,000
Total Customs and Excise	317,525,000	120,551,000	123,339,000	6,642,000	10,463,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,538,000	1,690,000	Dr. 300,000	Dr. 300,000
Post Office (Net Receipts)	11,256,000	8,200,000	7,900,000	Dr. 800,000	Dr. 800,000
Crown Lands	1,350,000	610,000	520,000	100,000	...
Receipts from Sundry Loans	5,000,000	2,937,816	2,670,505	210,977	...
Miscellaneous Receipts	25,250,000	10,369,392	9,195,014	1,000,105	1,000,000
Total Ordinary Revenue	798,381,000	236,353,208	229,845,519	11,921,082	17,009,000
SELF-BALANCING REVENUE					
Post Office	69,344,000	22,550,000	23,800,000	2,150,000	1,700,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	6,180,000	6,380,000	300,000	300,000
Total Self-balancing Revenue	95,844,000	28,730,000	30,180,000	2,450,000	1,800,000
Total	...	265,083,208	260,025,519	14,371,082	18,809,000

EXPENDITURE	Estimate for the year 1936-37	April 1, 1935, to Aug. 24, 1935	April 1, 1936, to Aug. 22, 1936	Week ended Aug. 22, 1936	Week ended Aug. 22, 1935
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	95,052,140	94,341,723	266,032	318,086
Payments to Northern Ireland Exchequer	7,500,000	1,843,143	2,174,378	...	...
Other Consolidated Fund Services	8,200,000	1,225,826	999,811	42,295	4,637
Post Office Fund	800,000	...	...	...	...
Total	238,500,000	98,121,109	97,515,912	308,327	322,723
Total Supply Services (excluding Post Office)	570,989,000	185,167,800	196,444,100	6,450,000	6,800,000
Total Ordinary Expenditure	809,489,000	283,288,909	293,960,012	6,758,327	7,122,723
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	22,550,000	23,800,000	2,150,000	1,700,000
Road Fund	26,500,000	6,180,000	6,380,000	300,000	300,000
Total Self-balancing Expenditure	95,844,000	28,730,000	30,180,000	2,450,000	1,800,000
Total	...	312,018,909	324,140,012	9,208,327	8,922,723

† Estimated Expenditure as per Financial Statement (H.C. 77)

Supplementary Estimates	33,972,000
Less: Provision made in the Budget	25,000,000
	8,972,000

The aggregate revenue from April 1 to August 22, 1936, is shown below:—

EXPENDITURE	(000's omitted)	REVENUE	(000's omitted)
Expenditure	293,980	Revenue	293,980
Increase in balances	43	Gross borrowing	£68,712
		Less	
		New Sinking Fund*	2,555
		Net borrowing	66,157
			294,003

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Fund in 1936 by borrowing.

POSITION OF THE FLOATING DEBT

	Aug. 24, '35	Mar. 31, '36	Aug. 22, '36	Aug. 22, '35
Ways and Means Advances Outstanding	£	£	£	£
Advances by Bank of England	16,400,000	19,055,000	25,020,000	—5,000,000
Advances by Public Departments	879,345,000	763,115,000	798,205,000*	—4,750,000
Treasury Bills outstanding	...	...	...	...
Total Floating Debt	895,745,000	782,170,000	823,225,000	—9,750,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on August 21, 1936. The amount applied for was £74,540,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 4d., about 55 per cent. and above in full; Saturday, at £99 17s. 5d., and above in full. The average rate per cent. was 10s. 5.95d. The amount allotted was £45,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	76,260,000	30,000,000	0 18 11.5
July 6, 1934	35,000,000	62,745,000	32,000,000	0 16 4.14
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1.84
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4.32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
April 3, 1936	40,000,000	76,280,000	40,000,000	0 10 2.78
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
August 14, 1936	45,000,000	68,645,000	45,000,000	0 10 6.26
August 21, 1936	45,000,000	74,540,000	45,000,000	0 10 5.95

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Five days ended August 8, 1936	522,565	£391,924
Week ended August 15, 1936	556,273	417,205
February, 1936, to August 15, 1936	1,268,086,667	997,502,838

At the end of July, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,704,207.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, August 26, 1936

ISSUE DEPARTMENT	
Notes Issued:—	£
In Circulation	443,409,298
In Banking Department	61,345,872
Government Debt	11,015,100
Other Government Securities	245,847,521
Other Securities	2,691,519
Silver Coin	455,880
Amount of Fiduciary Issue	260,000,000
Gold Coin and Bullion	244,755,170
	504,755,170

BANKING DEPARTMENT	
Proprietors' Capital	14,553,000
Reserve	3,675,017
Public Deposits	17,229,570
Other Deposits	17,229,570
Bankers'—	
Other Accounts	£100,911,403
	£37,840,256
	138,751,659
Government Securities	84,758,310
Other Securities:—	
Discounts and Advances	£9,201,652
Securities	£17,814,100
	27,015,752
Notes	61,345,872
Gold and Silver Coin	1,089,312
	174,209,246

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

Both Departments	Amount, Aug. 26, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	443,409,298	— 1,130,886	+ 43,844,651
Public deposits	17,229,570	+ 6,332,078	+ 7,869,862
Bankers' deposits	100,911,403	+ 4,945,578	+ 3,976,805
Other deposits	37,840,256	+ 2,117,518	+ 1,386,416
Total outside liabilities	599,390,527	+ 4,634,704	+ 57,077,234
Capital and res.	18,228,017	+ 23,575	— 12,388
Government debt and securities	341,620,931	— 1,786,486	+ 2,725,434
Discounts and advances	9,201,652	— 475,797	+ 3,732,905
Other securities	20,495,619	— 3,300,659	+ 7,395,548
Silver coin in issue department	455,880	— 30,291	+ 1,089,120
Coin and bullion (bank's reserves)	245,844,482	+ 982,104	+ 51,760,921
Reserves of notes and coin in banking department	62,435,184	+ 2,112,790	+ 7,918,270
Proportion of reserve to outside liabilities			
(a) Banking Department only	40.0%	+ 2.2%	+ 1.9%
(b) Gold stocks to deposits and notes ("reserve ratio")	41.0%	+ 0.5%	+ 5.2%

(000's omitted)

Date	Issue Department	Banking Department	Gold in or out of Bank	Bank Rate
1936				
Aug. 5	502,960	454,406	17,606	92.668
" 12	502,960	450,285	17,418	97.990
" 19	503,789	444,540	23,562	95.968
" 26	504,755	443,409	17,230	100.911

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(000's omitted)									
Date	Issue Department		Both Depts.		Banking Department				
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Dis-counts & Advances	Other Securities	Reserve and the "Proportion"	
1936	£	£	£	%	£	£	£	£	%
Aug. 5	257,066	2,350	244,004	40.7	89,943	8,938	18,471	49,598	33.4
" 12	257,330	2,137	244,011	40.1	89,613	8,939	19,290	53,726	35.3
" 19	256,999	2,515	244,862	40.1	86,408	9,677	21,282	60,322	37.3
" 26	256,863	2,682	245,844	41.1	84,758	9,202	17,814	62,435	40.0

BANKERS' CLEARING RETURNS

LONDON (000's omitted)		Town	Metropolitan	Country	Total
1936					
January 1 to August 12	20,514,913	1,263,419	2,165,050		23,943,382
Week ended August 19	597,205	35,195	64,089		796,489
Week ended August 26	592,901	31,405	56,675		680,981
Total to date, 1936	21,805,019	1,330,019	2,285,814		25,420,852
Total to date, 1935	21,518,626	1,247,015	2,107,501		24,873,142
Increase or decrease in 1936	+ 286,393	+ 83,004	+ 178,313		+ 547,710
	= 1.3%	= 6.7%	= 8.5%		= 2.2%
1935					
Total for year 1935	32,443,575	1,887,112	3,229,064		37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512		35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552		+ 2,075,594
	= 5.5%	= 7.2%	= 8.1%		= 5.8%

PROVINCIAL

(000's omitted).

	Week ended August 22		Month of July			Aggregate Totals January 1 to August 22	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days :	£	£	27	27	%	£	£
BIRMINGHAM	1,977	2,589	12,439	13,908	+11.8	80,252	86,903
BRADFORD	872	708	4,262	3,956	+ 3.5	28,442	32,153
BRISTOL	1,170	1,261	5,778	5,852	+ 1.2	39,603	42,236
DUBLIN	4,364	4,902	...	...	...	178,351	189,204
HULL	614	755	3,357	3,791	+12.9	24,611	27,346
LEEDS	709	983	4,760	4,553	+ 4.3	30,903	31,164
LEICESTER	507	647	3,172	3,470	+ 9.3	22,188	24,580
LIVERPOOL*	4,857	5,858	26,373	29,603	+12.2	202,180	220,180
MANCHESTER	7,972	9,305	45,292	44,936	- 0.7	327,324	334,571
NEWCASTLE	1,055	1,272	6,080	6,044	- 0.5	45,367	43,465
NOTTINGHAM	419	414	2,299	2,520	+ 9.6	15,982	16,938
SHEFFIELD	680	895	4,036	4,592	+13.7	28,412	33,298
	24,996	29,589	117,848	123,225	+ 4.5	1,016,697	1,063,859

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

	Aug. 28, 1935	Aug. 6, 1936	Aug. 13, 1936	Aug. 20, 1936	Aug. 27, 1936
Total gold reserves	2,809,670	3,344,010	3,296,490	3,218,490	3,308,520
Total bills discounted	5,930	3,040	6,650	4,530	5,200
Bills bought in open market	1,900	1,100	1,100	1,100	1,100
Total U.S. Govt. securities	739,320	660,560	660,560	660,560	660,560
Total bills and securities	754,030	671,800	671,800	671,800	671,800
Deposits—Member bank—					
Reserve account	2,605,560	2,776,760	2,762,500	2,733,680	2,844,250
Ratio of total res. to dep. and Federal Res. note liabilities combined	80.6%	84.8%	85.4%	84.4%	84.5%

FEDERAL RESERVE REPORTING MEMBER BANKS*

	Aug. 14, 1935	July 17, 1936	July 24, 1936	Aug. 3, 1936	Aug. 10, 1936	Aug. 17, 1936	Aug. 24, 1936
Loans	7,841	8,408	8,348	8,294	8,316	8,352	8,352
Investments	11,951	14,102	14,098	14,084	14,029	13,972	13,972
Reserve with Federal Reserve Bank	4,239	4,717	4,816	4,859	4,786	4,855	4,855
Due from banks	2,105	2,557	2,508	2,443	2,443	2,408	2,408
Demand deposits	13,084	14,746	14,857	14,850	14,681	14,752	14,752
Time deposits	5,009	4,999	5,014	5,015	5,015	5,021	5,021
Government deposits	560	823	823	823	822	821	821
Due to banks	5,044	6,585	6,442	6,360	6,418	6,372	6,372

* Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	Aug. 26, 1935	July 27, 1936	Aug. 3, 1936	Aug. 10, 1936	Aug. 17, 1936	Aug. 24, 1936
Assets						
Gold and English sterling	15,994	16,004	16,004	16,004	16,004	16,004
Other coin, bullion and cash	6,519	6,996	6,494	6,815	6,735	6,774
Money at short call—London	18,937	18,823	18,605	18,134	19,285	19,170
Short-term loans	6,284	3,223	3,540	3,257	5,910	6,209
Securities	70,796	75,335	75,240	75,154	75,154	75,154
Discounts and advances	7,122	8,529	8,740	8,612	8,473	8,653
LIABILITIES						
Notes issued	47,044	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold	3,896	7,753	7,753	7,753	7,753	7,753
Deposits	68,309	66,681	67,006	66,097	69,578	70,221

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	July 20, 1935	July 27, 1936	Aug. 3, 1936	Aug. 10, 1936	Aug. 17, 1936
Assets					
Gold	2,801	2,801	2,801	2,801	2,801
Sterling exchange	22,127	22,129	19,483	19,487	19,487
Subsidiary coin	191	191	191	191	191
Investments	2,035	2,035	2,041	2,038	2,038
LIABILITIES					
Bank notes	10,065	10,177	10,779	10,770	10,829
Demand liabilities—					
Government	8,876	9,128	6,271	6,538	6,859
Other	6,894	6,521	6,139	5,878	5,770
Ratio of reserves to sight liabilities	96.5%	96.5%	96.1%	96.1%	95.8%

BANK OF CANADA.—In \$'s (000's omitted)

	Aug. 21, 1935	Aug. 5, 1936	Aug. 12, 1936	Aug. 19, 1936
Assets				
Reserve of which—				
Gold coin and bullion	193,855	194,369	198,721	201,055
Dominion Government securities	180,180	179,416	179,431	179,447
LIABILITIES				
Notes in circulation	102,317	112,819	112,176	110,806
Deposits—				
Dominion Government	78,405	101,209	102,141	103,667
Chartered banks	32,878	21,013	20,392	23,326
Ratio of reserves to notes and deposit liabilities	182,646	188,543	185,641	180,704
Ratio of reserves to notes and deposit liabilities	65.8%	62.3%	63.7%	65.2%

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

	Aug. 23, 1935	July 24, 1936	Aug. 7, 1936	Aug. 14, 1936	Aug. 21, 1936
Assets					
Gold coin and bullion	28,029	22,898	22,830	22,829	22,832
Bills discounted—Foreign	3,851	8,282	8,281	8,391	8,490
Investments	1,726	1,737	1,737	1,734	1,734
Other assets	14,881	11,662	12,283	11,817	11,281
LIABILITIES					
Notes in circulation	12,026	13,475	15,515	14,805	13,805
Government deposits	1,913	1,992	2,284	1,562	1,775
Bankers' deposits	28,578	23,903	23,994	25,355	22,838
Ratio of cash reserves to liabilities to public	60.2%	53.6%	52.4%	51.9%	53.3%

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

	Aug. 23, 1935	Aug. 7, 1936	Aug. 14, 1936	Aug. 21, 1936
Assets				
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	56,27,89	66,30,59	66,54,77	66,54,77
Balances abroad	12,48,88	3,29,93	3,74,37	2,84,28
Sterling securities*	65,19,27	67,81,71	67,81,71	67,81,71
Indian Government rupee securities*	26,49,29	23,40,45	23,40,45	23,40,45
Investments	6,23,70	5,79,58	5,80,40	5,71,48
LIABILITIES				
Note circulation	1,56,32,57	1,63,87,15	1,64,20,22	1,63,11,98
Deposits—				
Government	11,82,06	6,40,97	7,41,90	6,36,81
Other	32,62,52	33,31,53	32,71,51	33,39,21
Ratio of gold and sterling to liabilities	57.0%	55.5%	55.4%	55.3%

* Held against notes.

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

	Aug. 23, 1935	July 31, 1936	Aug. 7, 1936	Aug. 14, 1936	Aug. 21, 1936
Assets					
Gold	71,603,847	54,841,707	54,888,639	54,847,875	54,874,052
Advances on Gold Coin	1,212,030	1,276,801	1,274,211	1,274,211	1,270,980
Commercial Bills	6,724,613	6,052,373	6,292,474	6,235,130	6,137,189
Treasury Bills	1,007,948	1,241,945	1,236,949	1,234,040	1,231,130
Advances on securities	3,497,715	5,015,906	4,763,108	4,522,491	4,413,548
Loans to State without interest	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(a) general	—	5,742,218	6,642,218	7,567,218	8,736,332
(b) provisional	—	—	—	—	—
Negotiable Bonds	5,800,402	5,707,587	5,639,818	5,639,818	5,639,818
Sinking Fund Dept.	3,768,709	4,238,670	3,911,582	3,668,292	3,747,042
Other assets (excluding forward exch.)	80,685,062	85,892,335	84,807,086	84,359,566	83,617,299
LIABILITIES					
Notes in circulation	3,290,296	1,594,494	1,817,840	1,826,943	1,726,432
Public deposits	10,489,375	6,151,002	6,243,740	6,430,396	6,790,830
Private deposits	2,353,930	2,370,579	2,671,538	2,388,374	2,512,620
Ratio of gold and sterling to sight liabilities	75.7%	58.6%	59.1%	59.2%	59.3%

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

	Aug. 22, 1935	July 23, 1936	July 30, 1936	Aug. 6, 1936	Aug. 12, 1936	Aug. 19, 1936
Assets						
Gold	3,494,137	3,740,184	3,736,120	3,728,958	3,734,975	3,738,000
Silver and other coin	54,934	55,583	54,264	52,460	51,785	51,785
Securities	1,388,106	1,410,635	1,412,901	1,396,482	1,405,977	1,407,318
Advances	126,085	77,212	76,907	75,159	73,913	73,913
LIABILITIES						
Notes in circulation	4,100,173	4,411,355	4,462,015	4,487,811	4,482,270	4,480,918
Deposits—Govt.	17,171	15,269	32,435	13,760	19,212	31,382
Other	1,140,164	1,046,071	974,834	940,512	944,178	948,973

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

	Aug. 26, 1935	July 27, 1936	Aug. 3, 1936	Aug. 10, 1936	Aug. 17, 1936	Aug. 24, 1936
Assets						
Gold	591,268	642,096	651,225	658,798	662,950	662,950
Silver	23,934	21,408	20,915	21,906	22,779	22,779
Home bills discounted	40,712	35,087	29,643	26,985	25,442	25,442
Loans and advances in current account	142,341	123,624	130,578	125,318	122,232	120,868
LIABILITIES						
Notes in circulation	794,970	748,337	771,819	750,305	744,410	750,081
Deposits	39,542	95,204	82,525	104,158	110,366	110,366

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

	Aug. 24, 1935	July 25, 1936	Aug. 1, 1936	Aug. 8, 1936	Aug. 15, 1936	Aug. 22, 1936
Assets						
Gold and silver	108,170	107,950	108,260	108,120	107,730	108,140
Discounts, advances and other investments	75,870	75,090	75,490	73,940	75,970	71,700
Foreign bills	1,830	2,260	2,870	2,660	2,370	10,300
Other assets	11,170	10,630	10,870	10,430	10,400	10,300
LIABILITIES						
Notes in circulation	164,720	156,090	157,590	161,410	159,770	158,270
Deposits and bills payable	20,880	28,100	28,310	22,130	25,930	24,900

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

	Aug. 23, 1935	July 23, 1936	July 31, 1936	Aug. 7, 1936	Aug. 15, 1936	Aug. 22, 1936
Assets						
Gold	1,339,042	1,431,092	1,440,587	1,450,658	1,461,505	1,477,077
Of which held abroad	200,187	194,814	197,506	205,555	215,707	225,365
Discounts	90,001	81,624	97,768	130,824	124,249	122,345
Bills of the Confederation	50,095	50,500	46,600	46,300	44,800	43,800
Advances	90,770	74,050	71,426	65,004	62,754	61,899
Securities	55,223	45,050	45,045	42,346	41,990	41,990
LIABILITIES						
Notes in circulation	1,230,046	1,245,941	1,292,225	1,265,944	1,249,825	1,245,014
Deposits	346,178	373,158	353,421	418,105	439,379	451,514

BANK OF ESTONIA.—In Kronas (000's omitted)

	Aug. 7, 1935	July 15, 1936	July 23, 1936	July 31, 1936	Aug. 7, 1936	Aug. 14, 1936
Assets						
Gold coin and gold bullion	32,819	34,149	31,152	34,153	34,153	34,153
Net foreign exchange	1,650	1,776	3,639	4,187	4,187	4,187
Subsidiary Estonian coin	3,397	1,616	1,470	1,510	1,510	1,510
Home bills discounted	5,888	9,472	9,258	9,374	9,374	9,374
Loans and advances	2,958	7,325	7,450	9,122	9,122	9,122
LIABILITIES						
Notes in circulation	35,498	37,995	40,521	40,049	38,754	38,754
Sight deposits and current accounts	22,211	26,039	23,448	26,500	26,500	26,500
Ratio of reserve to current liabilities	59.73%	59.23%	59.08%	57.61%	57.61%	57.61%

BANK OF LITHUANIA.—In Lt. (000's omitted)

BANK OF LITHUANIA.—IN LIT. (1000'S)						
	Aug. 15, 1935	June 15, 1936	June 30, 1936	July 15, 1936	July 31, 1936	Aug. 15, 1936
ASSETS						
Gold	39,331	58,938	58,961	60,129	61,619	61,619
Silver and other coins	3,580	4,736	5,052	5,087	5,154	5,154
Foreign currency	5,280	9,975	9,889	8,723	7,920	7,920
Discounts	82,775	66,354	66,757	64,984	63,681	64,746
Advances	11,773	12,479	12,260	12,035	11,980	11,980
LIABILITIES						
Bank notes in circulation	90,729	103,552	105,666	104,031	104,698	103,445
Current accounts	23,435	32,923	33,196	36,976	38,414	38,414
Deposits	22,730	14,441	14,667	13,370	9,218	11,773

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended August 27, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD
(Into and from United Kingdom)

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British W. Africa...	136,383	£	Finland	22,920	£
British S. Africa...	1,286,734	£	Denmark	225	£
Tanganyika	11,122	£	Netherlands	55,600	£
Kenya	2,318	£	France	22,540	£
British India	527,621	£	Switzerland	1,910	£
Australia	348,774	£	U.S.A.	605,458	£
New Zealand	37,266	£	Argentina	1,041	£
British Guiana	4,496	£	Other countries	2,650	£
Germany	36,618	£			
Netherlands	1,336	£			
France	11,503,915	£			
Switzerland	8,367	£			
Iraq	4,646	£			
Venezuela	16,708	£			
Other countries	2,500	£			
Totals	13,930,805	£	Totals	707,784	£

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British W. Africa...	5,000	£	Sweden	1,700	£
Australia	1,381	£	Norway	1,140	£
New Zealand	441	£	Denmark	1,878	£
Germany	3,477	£	France	5,630	£
Belgium	109	£	Portugal	2,115	£
France	3,200	£	U.S.A.	190,295	£
Yemen	28	£	Other countries	35	£
Saudi Arabia and					
Manchuria	114,344	£			
Japan	50,354	£			
Other countries	1,296	£			
Totals	172,806	£	Totals	202,756	£

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and † in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1936	ARRIVALS	1936	WITHDRAWALS
Aug. 21 Bar Gold	2,524	Aug. 21	Nil
" 22 Bar Gold	162,800	" 22	Nil
" 23 Bar Gold	37,266	" 23	Nil
" 24 Bar Gold	519,923	" 24	Nil
" 25 Bar Gold	Nil	" 25	Nil
" 26 Bar Gold	Nil	" 26	Nil
" 27 Bar Gold	545,579	" 27	Nil
Total	1,288,028	Total	Nil
Movement Aug. 21, 1936, to Aug. 27, 1936 (inclusive)	£1,288,028 in		
Movement during year 1936 (January 1 to Aug. 27, 1936, inclusive)	£7,745,822 in		
Movement Aug. 21, 1936, to Aug. 27, 1936, inclusive)	£45,285,645 in		
Movement September 21, 1931 (gold standard suspended) to Aug. 27, 1936 (inclusive)	£68,242,842 in		
(inclusive)	£108,648,294 in		

GOLD MARKET

Messrs. Samuel Montagu and Company write on August 26, 1936:—The Bank of England gold reserve against notes amounted to £243,789,154 on the 19th instant, as compared with £242,960,427 on the previous Wednesday. Purchases of bar gold as announced by the Bank during the week amounted to £966,015. In the open market about £1,375,000 of bar gold was disposed of at the daily fixing. Prices were maintained at a small premium over gold exchange parities, offerings being acquired mainly for a special account. The influx of gold from France, also presumed to be on special account, has continued, a further import from that country of nearly £10,000,000, bringing the figure since the movement started in the beginning of July to about £70,000,000. Shipments of gold from Bombay last week amounted to about £357,000. The s.s. "Naldera" carries £304,000 consigned to London and the s.s. "President Hayes" £53,000 consigned to New York. The Southern Rhodesian gold output for July, 1936, amounted to 66,652 fine ounces, as compared with 67,729 fine ounces for June, 1936, and 61,237 fine ounces for July, 1935.

SILVER MARKET

The week under review opened with a fall of 1d., prices declining to 19d. on the 20th instant, as the market, being poorly supported, could offer little resistance to further Indian resales and sales on China account. An important development ensued, for at the fall a good demand was received from America, and when it became apparent that this was on Government account, the market reacted. Selling by the Indian Bazaars eased, there was a renewal of buying from this quarter, and by to-day prices had recovered to 19½d. for cash and 19½d. for two months' delivery, cash being quoted at a premium for the first time since April 2nd last. The outlook has naturally been improved by the buying for the American Government, and although it is not considered that this quarter will exert any pressure, its recent intervention may indicate that prices may be kept from any important lapse.

Quotations for gold and silver are shown below:—

1936	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard	Price of Silver New York per ounce 1909 fine
Aug. 20	s. d. 138 2½	s. d. 12 3-52	d. 19½	Aug. 19 45
" 21	138 3½	12 3-43	19½	" 20 45
" 22	138 2½	12 3-52	19½	" 21 45
" 23	138 2½	12 3-52	19½	" 22 45
" 24	138 2½	12 3-52	19½	" 23 45
" 25	138 2½	12 3-52	19½	" 24 45
" 26	138 2½	12 3-52	19½	" 25 45
Average	138 2-58	12 3-51	19-344	19-333
Aug. 27	138 2½	12 3-52	19½	19½

The highest rate of exchange on New York recorded during the period from the 20th instant to the 26th instant was \$5-03½, and the lowest \$5-02½.

COMPANY NEWS

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	* Interim or Final	Date of Payment	Comparison with Last Year	Total†
BANKS				
Bank of Nova Scotia	3%*	Oct. 1	Same	...
National Bank of Egypt	4%*	Sept. 2	Same	...
INSURANCE				
Prudential Assurance "A"	125%*	Sept. 10	Same	...
North Broken Hill	5/- p.s.	Sept. 29	3/6 p.s.	...
OTHER COMPANIES				
Barlow and Jones	2½%*	...	Same	...
British American Tobacco	10½d p.s.	...	Same	...
Coats (J. and P.)	2½%*	Sept. 30	Same	...
Dibben (William) and Sons	5%*	...	Same	...
Dundale Gas "A"	3½%*	...	Same	...
Do. "B"	2½%*	...	Same	...
Dunhill (Alfred)	5%*	Sept. 16	Same	...
Eastwoods	10%*	Sept. 14	Same	...
Erith and Co.	5%*	Sept. 9	Same	...
Foster (M. B.)	5½%*	Oct. 1	Same	...
Gamage (A. W.)	2½%*	...	Same	...
Hawthorn (R. & W.), Leslie and Co.	5%*	Sept. 1	Same	...
Horne Bay Waterworks 10% Max.	3½%*	Sept. 1	Same	...
Do.	7%*	...	Same	...
Hickleton Main Colliery	12%*	...	Same	...
H.P.'s Bird Seeds	15%*	Oct. 1	Same	...
Hyd. Sauce	7½%*	Sept. 15	Same	...
Lancashire Dynamo	5%*	...	Same	...
Laws Chemical Manure	3%*	Sept. 24	Same	...
Liverpool Gas	3%*	...	Same	...
London and Thames Haven Oil	15%*	Sept. 30	Same	...
Meccano, Ltd.	Nil*	...	2½*	...
Morris (B.) and Sons	Nil*	...	2½*	...
New Monckton Collieries	12½*	...	2½*	...
North-Eastern Electric	2½%*	Sept. 30	Same	...
Quilcast	15%*	...	Same	...
Ransomes and Rapier	12½%*	Sept. 15	Nil*	...
Renold and Coventry Chain	9%*	...	Same	...
Shanghai Waterworks ("20 "A")	15/- p.s.	...	Same	...
Do. ("1" "B" & "C")	3½%*	...	Same	...
Sheepbridge Coal and Iron	7½%*	...	4½%*	...
Sheffield Cabinet	3%*	...	...	...
Slough Estates	5%*	Oct. 1	Same	...
Southdown Motor Services	5%*	Sept. 30	Same	...
Staveley Coal and Iron	18%*	...	5%*	...
Stephen Smith and Company	7½%*	...	5%*	...
Switzer and Company	9%*	...	To end of 1934	...
Tarry (E. W.) & Co. (6% Cum Pref)	4%*	Oct. 5	Same	...
Taylor Walker and Co.	50 cts p.s.	Oct. 1	Same	...
Togood and Sons	3%*	...	Same	...
Trotter (T.) and Son	12½%*	...	Same	...
United States Gypsum	10%*	Oct. 1	Same	...
Wallend Slipway and Engineering	12½%*	...	Same	...
Wardle and Davenport	10%*	Oct. 1	Same	...
Whiteley (William)	2½%*	Sept. 17	3½%*	...
Whitworth and Mitchell	7½%*	...	Same	...
Whitbank Colliery	...	...	...	...

* Free of income tax. † Quarterly.

RYLANDS AND SONS.—No interim dividend on ordinary shares. Payment of dividend deferred until result of year's trading has been ascertained.

NATIONAL FIXED TRUST.—Payment will be made on September 15th of fifth income distribution upon National Fixed Trust Certificates, Unit "C" representing the per cent from February 16, 1936, to August 15, 1936. This will be paid to certificate holders registered as at August 15th, at the rate of 4-3307d. net per sub-unit. For the previous half-year the distribution was at rate of 4-0183d. net per sub-unit.

OIL OUTPUTS

BRITISH CONTROLLED OILFIELDS, LTD.—Production, week ended August 15th: Venezuela, 17,809 barrels; Trinidad, 22,631 barrels, total 40,440 barrels; for week ended August 22nd: Venezuela, 17,991 barrels; Trinidad, 24,590 barrels; total, 42,581 barrels.

ANGLO-IRANIAN OIL COMPANY.—Production in Iran for June, 723,000 tons, making total of 4,083,000 tons for first six months of 1936.

VENEZUELAN OIL CONCESSIONS.—Production for week ended August 15th: Bolivar District, 756,631 barrels; Maracaibo District, 25,436 barrels; total, 782,067 barrels; for the week ended August 22, 1936: Bolivar District, 750,164 barrels; Maracaibo District, 26,123 barrels; total, 776,287 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended August 15, 1936, was 488,000 barrels.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation			Corresponding Period Last Year	
					Dividend		Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit
					Prefere.	Ordinary			
					Amount	Amount	Rate		Dividend
Banks									
Bank of New Zealand	Mar. 31	£348,138	£515,962	£864,100	150,000	375,000	10	339,100	529,529
Breweries									
Red Tower Lager Brewery...	June 30	Dr. 31,193	Dr. 12,627	Dr. 43,820	...	...	...	Dr. 43,820	Dr. 17,466
Iron, Coal and Steel									
Insoles, Ltd.	June 30	Dr. 126,752	Dr. 25,122	Dr. 151,874	...	...	...	Dr. 88,886	Dr. 62,985
Motor and Cycle									
Renold and Coventry Chain	June 28	15,928	130,466	146,394	12,987	69,010	10	49,000	106,598
Waterworks									
East Worcestershire Wks.	June 30*	11,230	7,224	18,454	987	3,983	5	1,250	5,169
Woking Water and Gas	June 30*	9,180	11,317	20,497	715	9,307	...	1,500	13,106
Other Companies									
Armstrong Shock Absorbers	June 30	...	27,245	27,245	...	11,484	20	15,000	761
Lincolnshire Sugar	Mar. 31	79,082	53,774	132,856	17,347	...	...	115,509	51,356
Lines Bros., Limited	June 30	15,607	64,016	79,623	26,800	30,000	1,200	5,000	61,441
Meccano, Ltd.	Feb. 29	38,014	27,684	65,698	5,425	5,000	2½†	6,000	24,943
Toogood and Sons	June 30	19,724	7,814	27,538	...	7,500	4	20,038	9,469

* For half year.

(a) No comparable figures.

† Free of Income Tax.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Aug. 21, 1936.	Miles Open	Gross Receipts, week ended Aug. 23, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (34 weeks) (£'000)				
		Passenger, incl. parcels, etc.	Merchandise, etc.	Coal and Coke	Goods	Total	Passenger, incl. parcels, etc.	Merchandise, etc.	Coal and Coke	Goods	Total
Great Western	1936 3,746	285	190	102	292	577	7,187	6,345	3,378	9,723	18,910
(c) L. & N.	1936 3,746	285	190	102	292	577	7,187	6,345	3,378	9,723	18,910
Eastern	1936 3,746	285	190	102	292	577	7,187	6,345	3,378	9,723	18,910
L. M. & Scottish	1936 3,746	285	190	102	292	577	7,187	6,345	3,378	9,723	18,910
Southern	1936 3,746	285	190	102	292	577	7,187	6,345	3,378	9,723	18,910
Total	1936 19,149	1,708	1,055	608	1,863	3,371	45,902	35,173	20,325	55,498	101,400
	1935 19,181	1,637	969	578	1,547	3,184	45,380	33,566	19,936	52,962	98,942
(b) Belfast	1936 80	4-0	...	0-5	4-4	89-3	...	...	18-5	107-8	...
& Co. Down	1936 80	4-0	...	0-5	4-1	89-3	...	...	17-0	106-5	...
(c) Great	1936 543	15-4	...	9-1	24-5	358-0	...	...	314-1	672-1	...
Northern	1936 543	15-4	...	8-7	22-2	346-8	...	...	304-7	651-5	...
(b) Great	1936 2,076	56-0	...	6-1	96-1	119-0	...	...	133-7	825-2	...
Southern	1936 2,124	150-3	...	33-4	83-7	117-5	...	...	124-6	512-0	...

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935

	(000's omitted)			
	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1935, compared with second half-year, 1934: Gross increase or decrease	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year, 1935: Gross increase or decrease	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935: Gross increase or decrease	+ 114	+ 644	+ 400	+ 81
8 weeks to August 23, 1936 ...	+ 14½	+ 80½	+ 50	+ 10½
Latest week 1936 compared with 1935	+ 17	+ 78	+ 64	+ 28

LONDON TRANSPORT

	*Takings (before pooling)	Compared with corresponding period of last year
Week ending August 22, 1936	£545,400	+ 28,200
Aggregate 8 weeks to August 22, 1936.....	£4,421,800	+ 113,900

* For an explanation of the manner in which the figures are made up, see the
Economist, March 17, 1934, page 610.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE movement of the prices of the leading primary products was irregular during the past week.

As often happens at this time of the year, the speculative advance in grain prices went too far and was followed, this week, by a sizable reaction. In the case of wheat this season's supply-demand position cannot yet be estimated with any degree of accuracy, but there is little doubt that repeated crop failures in North America have practically wiped out excessive stocks. Some rise in prices, therefore, was justified. A feature of this week was the sharp rise in the price of cocoa. The London tea auctions revealed a firmer tendency of prices this week, and raw sugar was also marked up a little. Trading in meat was not very active, with quotations scarcely changed on the week. Australian and New Zealand butter could be bought more cheaply than last week.

The trend of quotations for the raw materials of the metal industries remained upwards. New business in iron and steel showed a tendency to expand this week, and quotations for coke, ore and scrap remained firm, while wolfram and antimony rose sharply in price. Among non-ferrous metals, copper, lead and spelter were dearer, but tin was slightly cheaper owing to uncertainty concerning the future of restriction. Platinum rose suddenly in price after a long period of stability, and quicksilver was also marked up.

The market in rubber was dull, and prices fluctuated within narrow limits. Vegetable oils were marked down, partly in sympathy with grains and partly owing to the realisation that Argentina's supply of linseed had been underestimated. Among textile raw materials, cotton is scarcely changed in price on the week, but wool displayed a firmer tendency. The trend of timber prices remained upwards.

After rising for many weeks, prices of primary products in the United States tended downwards under the leadership of grains. The movement is reflected in Moody's daily index of the price of staple commodities (December 31, 1931 = 100) which fell from 187.5 to 183.9 in the week ended last Wednesday, against 177.9 a month earlier and 164.6 on the same day last year.

COAL

SHEFFIELD.—The demand for industrial coal remains on a large scale and the sustained activity in the heavy trades has led to contracts which are larger and at higher prices than for some time. New prices are expected to come into force for household coal from September 1st and the advance will be round about 2s. to 2s. 6d. per ton. There is still a shortage of furnace coke supplies owing to the heavy demand, and there are no stocks at furnaces. Numerous enquiries are made for central-heating coke at higher prices. There are but few inquiries for prompt or forward deliveries on the export market, but on the inland market business remains good.

WORKINGTON.—The coal trade is improving, and within a few weeks production, short still of that of the Whitehaven pits, will lag behind demand. Land sale is picking up and there is not enough coal to go round in Ulster and the Free State, the cross-channel shipments now seldom exceeding 3,000 tons weekly. Industrial coal is in such heavy request that about 800 tons of smalls are having to be imported each week from South Wales for the coking plants. Best round is 23s. 6d. f.o.b., best house, 35s. 8d. at station; gas coal, 27s.; and coke, 15s. 6d. to 16s. 6d. per ton.

NEWCASTLE-ON-TYNE.—Production of coal in Northumberland and Durham remains steady, despite the loss of Italian trade. Northumberland is producing about 297,000 tons weekly and Durham 637,000 tons, nearly a fourth of the country's output, which for a summer period is good and indicates the strength of the home market. All classes of steam coal continue to be a good market, and, owing to the active home demand, Durham coking coal is in a much better position.

GLASGOW.—New business is somewhat slow, and although collieries are for the most part comfortably placed for orders, steam coal is freely available. This latter condition is more noticeable in the East of Scotland, where supplies until recently have been well absorbed. In the West the position is improving in view of the stocking for winter requirements. In contrast with large fuel, washed smalls are in active request and none too plentiful, while navigation bunkers remain active and firm.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that business in the iron and steel trades is increasing as the holiday season draws to a close. The volume of new orders is showing signs of expansion and at the same time a steady stream of specifications against contracts is reaching producing works.

In the pig iron market the volume of new business has not yet regained the level ruling prior to the holidays, and "stop weeks" in various parts of the country have enabled the producers to accumulate some stocks. As a result rather more interest has been shown in export business. Deliveries to home consumers, however, have continued on a heavy scale, and the surplus available for overseas markets is not large.

The situation in the semi-finished steel department is being closely watched and some doubt is expressed whether the supplies of British

material will be sufficient to meet the demand when the normal autumn revival in trade occurs. On the other hand, the output of this class of material has been increased and the situation concerning arrears in deliveries against contracts has improved.

Active conditions have ruled in the finished steel section of the market and demand is gradually expanding. In some departments producers ask several weeks for deliveries against new contracts. Demand is still very largely for home account; but lately overseas markets have shown more interest.

MIDDLESBROUGH.—New business in pig iron has slowed down owing to the fact that foundries in some areas are closed down temporarily, but this does not affect the market here, which continues very strong. Most consumers have bought up to the end of the year and are prepared, in some cases, to purchase for delivery during the early months of next year.

Shipments of all classes of pig iron from the Tees during the first 25 days of August amounted to 5,110 tons, as compared with 8,554 tons for the same period in July. Shipments of foundry iron to Scotland have been resumed, but only small parcels of hematite are released for export to foreign destinations. Prices for No. 3 Cleveland foundry pig iron are maintained at 75s. per ton delivered locally. East Coast hematite No. 1 quality is fixed at 85s. 6d. per ton delivered to buyers in the North-East area, with a rebate of 5s. to consumers who do not place orders outside the Association. New business in foreign ore is restricted by the difficulties of shipping from Spain and owing to the high freights. Odd cargoes continue to be shipped from North Spanish ports, and it is significant that recently one or two Spanish vessels have been chartered to bring ore to the East Coast. The supply of good Durham blast-furnace coke is ample and makers are quoting 24s. 6d. per ton delivered at the furnaces.

Semi-finished steel is in good demand, and producers of finished steel are fully contracted up to the end of the year, large quantities being absorbed for constructional works, shipbuilding, and railway needs. There has been an advance in the price of common iron bars for home use from £10 2s. 6d. to £10 10s. per ton. Iron and steel scrap is in little demand, heavy steel melting scrap being still quoted at 57s. 6d. per ton delivered at the works.

SHEFFIELD.—The seasonal slackness, which has been less marked than usual this year, is disappearing and business is again becoming active. Any small parcels of foundry and basic pig iron are immediately taken up. Consumers are ready to buy forward, but producers are not desirous at present of accepting business beyond the first quarter of 1937. Supplies of East Coast hematite are good, but there is a scarcity of West Coast material. The expected rise in prices of finished iron has come into force but has not affected the market to any extent. South Yorkshire Crowns bars now stand at £10 10s. per 4-ton lot (not less than 1 ton of a size) with extras for special qualities. No. 3 bars are £8 17s. 6d. per ton basic and No. 4, £9 7s. 6d. per ton basic. Acid and basic steel billets are in demand and orders for the latter are completed with difficulty. In wire rods, strip and stainless steel business remains brisk and although production is still expanding, there appears to be no surplus. Rolling mills in this district are fully occupied. The railways are placing important orders and there is great activity in armament materials and aircraft steels.

WORKINGTON.—The already insufficient output of North-West Coast hematite pig-iron seems likely to be diminished in November if supplies of foreign ore other than those formerly drawn from Spain cannot be obtained at a satisfactory delivered price. Stocks are not heavy and will be exhausted in less than two months. Production of the nine furnaces blowing between Workington and Barrow is not yet slackening. Demand is far heavier than can be satisfied, but makers, having already disposed of as much iron as they can smelt during the remainder of the year, are selling only small parcels to customers of long standing who have been caught short. The Midlands, South Wales and Scotland are taking almost 40 per cent. of the output. The remainder is going into local consumption. Prices are steady. Bessemer mixed numbers are quoted at £4 0s. 6d. at Glasgow; £4 6s. at Sheffield; £4 8s. 6d. at Manchester, and £4 12s. 6d. at Birmingham, with an additional 2s. 6d. to 6s. per ton for special qualities. Malleable iron is a lively trade at £6 5s. delivered at Birmingham, and ferro-manganese is in keen request at £11 5s. home. The steel trade is brisk and continues to book orders. Maintenance of activity on the present scale is assured for twelve months. Workington is rolling home rails, billets, bars and slabs, and Barrow is on rails, hoops and strips. Some progress is being made with the development of the local hematite iron ore mines, but expansion in output is small and requirements cannot be met. The native ore commands from 16s. to 17s. 6d. per ton.

GLASGOW.—Every section of the industry in the West of Scotland seems to be developing even greater activity. Although demand is mainly from home consumers, export business is improving in several directions. Steelmakers continue to work to capacity and production is very rapidly passing into the hands of users; there is every prospect that when the extensions of capacity are completed, makers will find a ready market for the additional output. Producers of semis are also finding a market for their output among home users. Sheet makers have been able to add to the number of mills in operation. While the greater proportion of their deliveries is to home consumers, demand from several overseas markets has considerably improved of late, and bookings for export cover a good tonnage. The export price of medium plates was advanced this week by 10s. per ton, making the basis price £9 10s.

OTHER METALS

COPPER.—After early weakness, which reduced the cash quotation to below the £38 mark at one time, the market recovered and prices closed on Wednesday a shade higher on the week. This affords evidence of the underlying strength of the London market. In the United States, the attempt to raise the domestic price to 10 cents per lb. has apparently been abandoned for the time being. The market has consequently become dull and inactive. In view of the fact that American consumers will probably start to draw upon their stocks after Kennecott has increased production, no early improvement on the United States market seems probable.

Sales on the London Metal Exchange, 1,250 tons on Monday, against 1,800 tons last week; 1,025 tons on Tuesday, against 2,750 tons last week;

1,550 tons on Wednesday, against 1,000 tons last week. Domestic spot was quoted at 9.40 cents per lb. in New York on Wednesday, against 9.35 cents a week ago and 9.27½ cents a month ago. Wednesday's official closing price for standard cash in London was £38 3s. 9d. to £38 6s. 3d., compared with £38 2s. 6d. to £38 3s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 52,695 tons, show an increase of 1,095 tons, while stocks of rough copper, at 2,920 tons, show an increase of 15 tons on the week.

LEAD AND SPELTER.—Lead enjoyed another improvement and closed on Wednesday with a gain of 10s. per ton on the week. The market is supported by the high level of building activity, by the armaments boom and also in some measure by the Spanish civil war. Last year's Spanish production of lead, at 70,568 tons, was only half as large as the 1926 output, while according to the *Metalgesellschaft* only 28,070 tons were produced in the first half of this year. The loss due to the civil war must therefore not be exaggerated; but the statistical position is at present so strong that even this fall in supplies has a considerable psychological effect. Spelter experienced a slight improvement this week, although supplies showed an increase last month. According to the American Bureau of Metal Statistics, world output in July further advanced by almost 7,000 short tons to 138,600 short tons. The basic position of the spelter market remains unchanged.

Sales of lead on the London Metal Exchange: 700 tons on Monday, against 800 tons last week; 750 tons on Tuesday, against 1,300 tons last week; 2,600 tons on Wednesday, against 650 tons last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £17 3s. 9d. per ton, compared with £16 13s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 50 tons on Monday, against 900 tons last week; 350 tons on Tuesday, against 275 tons last week; 250 tons on Wednesday, against 150 tons last week. Wednesday's quotation in East St. Louis was 4.80 cents per lb., against 4.60 cents the week before and 4.80 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 10s. per ton, against £13 8s. 9d. last week.

TIN.—Prices have been rather easier, both buyers and sellers being cautious in view of the uncertain future of the scheme. The advisor to the Siamese Government will, it is reported, be present at the next meeting of the International Tin Committee in London on September 18th.

Last week surprise was expressed at a report according to which Bolivia had exceeded her quota by 750 tons during July, and it was pointed out that this was in contradiction to certain *Metalgesellschaft* figures. The Statistical Bulletin of the Tin Research and Development Council, to hand this week, gives Bolivia's shipments at only 2,129 tons for July, or 214 tons below the previous month's shipments. This figure, which confirms the doubt expressed last week, is actually 777 tons below the quota. Despite the relinquishment by Bolivia of her right to produce the arrears accumulated to the end of May, exports were again in arrears to the extent of 1,727 tons at the end of July. Any quota transgression by Bolivia therefore appears to be much less likely than a continuance of under-shipments.

Sales of tin on the London Metal Exchange: 105 tons on Monday, against 275 tons last Monday; 145 tons on Tuesday, against 230 tons last week; 245 tons on Wednesday, against 335 tons last week. The New York quotation on Wednesday was 42.50 cents per lb., against 42.50 cents a week ago and 43.12½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £183 to £183 2s. 6d. per ton, compared with £184 5s. to £184 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 682 tons, an increase of 44 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at around £12 12s. 3d. per flask of 76 lbs. Chinese antimony was quoted at £53 per ton ex warehouse, duty paid, as against £51 to £52 per ton last week. Chinese wolfram for "August-September" shipment, was quoted at 29s. 6d. to 30s. 6d. per unit c.i.f., against 25s. 6d. to 26s. 6d. a week ago. Refined platinum was advanced to £12 7s. 6d. per ounce, as against £10 10s. per ounce last week.

TEXTILES

COTTON.—Manchester.—There have been very few indications of increased activity. Buyers still lack confidence in current quotations. This waiting attitude may be continued until the outlook is clearer concerning raw cotton supplies. Raw cotton prices have fluctuated within narrow limits. Considerable difference of opinion exists concerning the Government crop statistics due to be published early in September. Recently plants have deteriorated and a smaller forecast of the yield is anticipated. Freer hedge selling has shown itself in some directions and according to certain reports there is a possibility of a smaller consumption in Europe during the next twelve months. The weather in the belt is far from satisfactory.

COTTON PRICES

	1936					Corresponding Date	
	Aug. 5	Aug. 12	Aug. 19	Aug. 26	1934	1935	
Raw Cotton—Mid. American..... per lb.	6-99	6-92	6-75	6-72	7-12	6-29	
Sakellaridis Fully Good Fair..... per lb.	11-15	11-06	10-75	10-33	8-73	7-95	
Yarns—32's twist..... per lb.	11	11	10½	10½	10½	10	
" 40's twist..... per lb.	11½	11½	10½	10½	10½	10½	
" 60's twist (Egyptian)..... per lb.	17	17	16½	16½	17	15½	
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	18 1½	18 1½	18 0	17 10½	19 6	17 1½	
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	25 6	25 4½	25 1½	25 0	24 6	24 1½	
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 5	10 4	10 3	10 2	11 3	10 3	
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 5	9 4	9 3	9 2	10 1	9 2	

Although the general inquiry for piece goods keeps up fairly well, total sales remain disappointing, and during the last few weeks some manufacturers have not sold current production. There have been a few more attempts at transactions for India, but numerous bids have been altogether too low. Most of the buying has been in light bleaching descriptions and fancies for Karachi. Limited quantities of greys and whites have been

put through for Egypt. Heavy shirtings and prints have moved off fairly well for West Africa. Demand for South America has improved, there being freer buying in dyed cloths and sheetings. A mixed business has been done in home trade goods.

Yarn demand has been patchy. Consumers of American qualities have not been in the mood to place lines of any weight, but some moderate lots have been booked in ring descriptions. The offtake in Egyptian qualities remains poor.

COTTON SPINNERS' WAGES.—The Lancashire cotton spinning employers have replied to the application of the operatives for an increase in wages of 14 per cent. on standard piece price lists. The terms of the communication, which has been sent to the Operative Spinners' Amalgamation and the Cardroom Workers' Amalgamations, have not been made known, but it is understood that the demand has been met by a definite refusal to entertain any all-round increase in wages. It is reported, however, that the letter from the Federation of Master Cotton Spinners' Associations has left the door open for further discussions with the trade union officials. Amongst employers the opinion is held that a revision of wage rates is desirable and they are prepared to enter into negotiations with the representatives of the workpeople, but owing to the industry being still in a state of depression they cannot agree to any changes which mean a substantial increase in the total wages bill. It is being suggested that some alteration in ring spinning mills is necessary. The position of the employers is that if the trade unions will agree to some reorganisation of production which would effect economies in costs they are prepared to make arrangements for an increase in the wages of the lower-paid operatives. It remains to be seen whether the trade unions will accept the suggestions put forward and agree to further joint meetings, or whether the operatives will press their demand by giving one month's notice to cease work if the application is not granted. It may be pointed out that in this branch of the cotton industry there is now no Conciliation Board to deal with disputes.

JUTE.—Dundee.—Little attention is being paid to the final forecast of the jute crop for the present season. The figures to date show an increase of approximately 15 per cent. over the revised figures for last season, and this is evidently considered to be quite satisfactory, as sellers of raw jute have reduced their prices to some extent. In spite of the fact that the Indian Jute Mills have increased their production of jute goods, necessitating a larger consumption of the fibre, it is anticipated that there will be sufficient raw jute to satisfy the world's needs. It follows that other consuming countries will require less raw material if the Indian Mills are to continue selling their goods at prices which are so low as to defy competition. Working at the rate of 54 hours per week, the Indian Jute Mills will require approximately seven million bales of jute this season, but they are now holding stocks of four million bales, while other consuming centres will need round about 3,750,000 bales, a total consumption of 10,750,000 bales. Should the present crop yield less than this quantity, any excess requirements can be made up from stocks.

The question of tariffs on jute goods imported into this country from India cannot be lost sight of, for the home trade is suffering considerably from these. During the first seven months of this year, 83 million yards of jute piece goods were imported, compared with only 37 million yards during the same period last year, in addition to 25,800 tons and 21,000 tons of jute sacks and bags, respectively. Representations have already been made to the Government on the matter, but nothing can be done until November when the Ottawa Agreements expire.

Full grade Daisee-4 has been sold at £17, and fours are quoted at £16, with Tossa-4 at £18 and fours at £17, October/November. Good First Marks are at £20 10s. and Lightnings at £19, with Hearts at from £17 17s. 6d. for good quality, August/September.

Yarns are quiet, with common 8 lb. cops nominal at 1s. 10½d. and 8 lb. spoons at 1s. 11½d. Twist rules at 3½d. for 3 ply 8 lb. and sacking yarns are being sold quietly at 2½d. for 24 lb. weight and 3½d. for 8 lb. chains. Rove is firm at £19 for 48 lb. and £15 10s. for 200 lb., while the finer yarns are quiet and nominally unchanged. Carpet yarns have been freely sold at from 3½d. to 3¾d. for 14 lb. warp.

Cloth business is slow and buyers are confining their purchases to small lots for immediate use. Prices rule from 2¾d. for 10 oz. 4 in. and 1½d. for 8 oz.

Calcutta goods have further weakened during the past few days and there are no signs of any agreement yet being reached between the Indian Jute Mills' Association and the "outside" mills on the question of working hours.

GRAIN MARKETS

WHEAT.—As usual, the recent speculative rise in wheat prices went too far, and has since been followed by a reaction. Liverpool wheat futures (December), for example, declined from 7s. 4½d. per cental to 7s. 1½d. per cental. The fact is, that this season's supplies and requirements cannot yet be estimated with any degree of accuracy, and the position is frequently distorted by exaggerating crop reports. At this time of the year, therefore, prices very often fluctuate considerably. Some rise in prices was justified, however, for there can be little doubt that the repeated crop failures in North America have practically wiped out the excessive stocks of recent years.

On Wednesday last, "September" futures were quoted in Chicago at 111½ cents per bushel, against 114½ cents the week before and 108½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 38s. per 496 lbs., against 40s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 37s. 9d., against 40s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,292,000 quarters, against 1,244,000 in the previous week and 1,241,000 quarters in the corresponding week a year ago.

FLOUR.—Prices tended to decline in sympathy with wheat. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 33s. per 280 lbs., against 34s. a week ago; delivered inner London, 32s. 6d., as compared with 33s. 6d. a week ago. Manitoba patents, ex store, 30s. to 31s., against 30s. 6d. to 32s. a week ago. Australian, ex store, 27s. 6d. to 27s. 9d., against 27s. 6d. to 28s. 6d. a week ago.

BARLEY.—There has been a good demand for barley, especially on the Continent, and quotations have remained firm. "October" futures were quoted at 54½ cents per bushel in Winnipeg on Wednesday, against 61½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, nominal, as against 27s. a week ago; "English malting" at farm, not quoted.

OATS.—On Wednesday, "September" futures were quoted at 42½ cents a bushel in Chicago, against 44½ cents a week ago and 38½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 19s. to 20s. per 336 lbs., against 21s. 6d. a week ago; "English White," at farm, 19s. to 20s., against 21s. 6d. a week earlier.

MAIZE.—The market experienced a reaction this week, for many consumers have covered their requirements in the near future and are, therefore, less anxious to pay the higher prices. "September" futures were quoted on Wednesday at 112½ cents per bushel in Chicago, against 116½ cents a week ago; and 94 cents last month. Quotations in London, Wednesday: "Plate," landed, 26s. 6d. per 480 lbs., compared with 27s. a week ago; "Plate," ex ship, 25s., as against 25s. 9d. a week ago; "Plate," "August," 24s. 3d., as against 24s. a week ago; yellow maize meal, ex wharf, was quoted at £6 17s. 6d. per ton, as against £6 10s. to £6 15s. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—				
1 week to August 22	263,433	176,562	337,193	14,219
51 weeks to August 22	8,946,077	11,284,171	13,801,712	13,284,097
Average price of English wheat per cwt.	s. d. 5 4	s. d. 5 3	s. d. 4 5	s. d. 8 1

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
August 20, 1932.....	Cwts. 26,233	Cwts. 3,518	Cwts. 7,667	s. d. 6 7	s. d. 6 9	s. d. 7 6
August 19, 1933.....	263,433	21,384	33,138	5 4	10 4	5 4
August 25, 1934.....	176,562	29,743	30,706	5 3	10 5	6 4
August 24, 1935.....	337,193	27,899	41,399	4 5	9 0	6 2
August 15, 1936.....	14,170	1,510	9,754	7 9	6 10	7 0
August 22, 1936.....	14,219	1,557	10,976	8 1	7 3	7 0

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-36:—

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Aug. 23, 1935	Dec. 31, 1935	Aug. 19, 1936	Aug. 26, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	85	84½	102½	97½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	87½	75½	114½	111½

The visible supply of wheat in Canada amounts to 60,434,000 bushels, against 62,306,000 bushels last week, and 126,337,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—Prices of Danish remain firm, with other descriptions barely steady. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 97s. to 98s.; Canadian, 91s.; Danish, 100s., as against 99s., 93s. and 100s. last week. Arrivals in London last week included Danish, 15,247 bales; Canadian, 4,154; Dutch, 2,437; Lithuanian, 1,849, and Polish, 2,851, as against 14,449, 4,246, 2,439, 1,820 and 2,698, respectively, in the previous week.

BUTTER.—Demand has become rather less active, and prices of Colonial makes are not so firm. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 120s.; Australian, choicest salted, 119s.; Danish, 128s., compared with 122s., 120s. and 128s., respectively, a week ago.

CHEESE.—Cheese encountered a quieter demand, but prices show little change. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 70s. to 76s.; Canadian, finest coloured, 68s. 6d. to 70s.; and New Zealand, finest coloured, 67s. to 67s. 6d., against 72s. to 76s., 68s. and 67s. to 68s., respectively, a week ago.

COCOA.—Prices are again higher this week. The spot quotation in New York on Wednesday was 7½ cents per lb., as against 6½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "November-January," was quoted 31s. per 250 kilos, c.i.f. Continent, against 29s. 3d. for "October-December" a week ago. Last week's movements of cocoa in London were as follows: Landed, 1,726 bags; delivered for home consumption, 4,195 bags; exported, 225 bags; stocks, 160,683 bags, against 146,287 bags a year ago.

COFFEE.—The London market has again ruled quiet. The New York spot market displayed a steady tone, with prices unchanged. On Wednesday, Rio No. 7 (cash) was quoted at 8 cents per lb. in New York, as compared with 8 cents per lb. last week and 7½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered for home consumption, 77 cwt.; exports, 65 cwt.; stocks, 10,267 cwt., against 14,560 bags a year ago. Central and South American, landed, 1,050 cwt.; delivered for home consumption, 2,076 cwt.; exported, 876 cwt.; stocks, 93,252 cwt., against 140,586 packages last year. Other kinds, landed, 237 cwt.; delivered for home consumption, 3,006 cwt.; exported, 555 cwt.; stocks, 135,695 cwt., against 158,903 packages last year.

EGGS.—Abundant supplies encounter an active demand, and prices are about unchanged. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 15s. 6d. to 16s. per 120, as against 15s. 6d. to 16s. last week, while Danish (15½ lb.) made 10s. 6d. to 10s. 9d. per 120, as against 10s. 9d. to 11s. last week.

FRUIT.—Supplies are generally heavy and, with demand showing the effects of the holidays, prices are easier. According to *The Fruitgrower's* Covent Garden report, supplies of plums are heavy, and inferior grades are practically unsaleable. Apples are also a very prominent feature, a wide variety of English dessert sorts being now available. Inquiry for

imported apples is consequently limited. Pears have also made a good showing. Currants have now finished, but cultivated blackberries are a good line, and a few raspberries are still available. Melons are in steady demand, while peaches and nectarines maintain their price. Hothouse grapes are easier, but sell well. Oranges are in good demand, with South African firm, and lemons are also steady. Prices of grapefruit are firmer than of late. Kent cobnuts and filberts are now reaching the market.

MEAT.—Except for fresh mutton and lamb, business at Smithfield market has been rather slow, with prices barely steady. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 10d. to 4s. 2d. per 8 lbs., as compared with 3s. 10d. to 4s. 2d. a week ago. New Zealand frozen mutton was 3s. to 3s. 8d. per 8 lbs., against 3s. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 7,802 tons, a decrease of 351 tons on the corresponding week last year. Beef and veal accounted for 4,296 tons, mutton and lamb 2,503 tons, and pork and bacon 554 tons, as compared with 4,444, 2,675 and 565 tons, respectively, in the same week of 1935.

MILK.—Agreement was reached last week-end between the Milk Marketing Board and the Central Milk Distributive Committee on the contract prices for milk for the new contract year from October 1st. The average wholesale price of liquid milk is to be the same as that recommended by the Committee of Investigation for the current year, namely, 15s. 3d. per dozen gallons. The average price, therefore, remains unchanged, but the monthly prices per gallon have been slightly modified as follows:—

	s. d.	s. d.	s. d.
October	1 5	April	1 4
November	1 5	May	1 0
December	1 5	June	1 0
January	1 5	July	1 1
February	1 5	August	1 1
March	1 5	September	1 3

In respect of milk used for manufacture, the buyers are to pay small increases over the prices in the current contract in the case of milk for butter, condensed milk, tinned cream and milk powder. The scheduled retail prices are the same as those in the present contract.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 10 tons; delivered, nil; stocks, 1,758 tons, against 1,709 tons a year ago. White, landed, 13 tons; delivered, 27 tons; stocks, 12,140 tons, against 17,871 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 9s. 3d. per cwt., ex warehouse, on Wednesday, as compared with 9s. per cwt. a week ago. "August-September," in singles to Continent and U.K., was quoted at 8s. 1½d. per cwt., against 8s. 1½d. last week. Movements in London during the past week were as follows: Landed, 16 tons; delivered, 287 tons; stocks, 2,101 tons, against 9,930 tons a year ago.

SUGAR.—The London market has been quietly steady. The New York spot market has displayed a similar tendency. The spot price in New York on Wednesday was 3-70 cents per lb., as compared with 3-70 cents per lb. last week and 3-65 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at 4s. 5½d., against 4s. 4½d. to 4s. 4½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 23,268 tons, against 25,541 tons last week and 27,239 tons in the same week of last year; deliveries, 19,372 tons, against 19,940 tons last week and 17,346 tons last year; stocks, 123,111 tons, against 119,215 tons last week and 159,344 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Aug. 22, 1935	d. 15-15	d. 10-66	d. 12-82	d. 9-88	d. 8-57	d. 9-60	d. 19-01
July 9, 1936	12-15	12-11	13-06	10-42	10-01	11-32	12-23
July 16,	12-27	12-07	13-35	10-34	10-09	11-51	12-41
July 23,	12-11	12-01	12-93	10-22	9-88	11-44	12-32
July 30,	12-05	11-81	12-81	10-32	9-84	11-13	12-18
Aug. 13,	12-67	11-86	12-86	10-23	9-76	11-20	12-47
Aug. 20,	14-04	11-90	13-03	10-47	9-91	11-34	12-07

The quantities catalogued for the public auctions in Mincing Lane this week comprised 47,276 packages of Indian and 26,640 packages of Ceylon tea. Despite the increase in supplies, competition for the Indian grades was active and prices showed a hardening tendency. At the Ceylon sales, however, the better quality teas displayed some irregularity; but common sorts were a good market. Quotations for all teas, with the exception of Northern Indian, are now above the level of a year ago.

VEGETABLES.—At Covent Garden tomatoes continue an active trade, states *The Fruitgrower*, with prices rather easier. Plentiful supplies of cucumbers encounter a somewhat slow demand, but mushrooms are in short supply and dearer. Cabbage, scarlet runners, marrows and cauliflowers are plentiful and prices rule low. Yorkshire green peas are also very cheap. Onions are easier, and all root vegetables sell at low prices. Meanwhile, supplies of potatoes at London markets remain heavy, and prices in some instances are easier. At the Borough on Tuesday, however, demand showed some improvement and prices were steady. King Edward were again quoted at 5s. to 6s. per cwt., ex market.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Easier conditions in the markets in vegetable oils became accentuated, partly in sympathy with grains and partly as a result of the improved outlook for linseed supplies. The official report of the area under linseed in Argentina gave a larger acreage than was anticipated and this together with favourable weather conditions for late sowing and the fact that the old crop surplus had been underestimated tended to depress prices. The area sown in Argentina is returned at 7,286,000 acres compared with 6,570,000 acres sown last year, of which only 5,167,000 acres were harvested. Moreover, the market for linseed is restricted owing to the poor demand for oil which has registered a decline of 25s. per ton during the week. Raw oil for August and September-December delivery ex Hull dropped to £25 7s. 6d. with January-April at a small discount. There has been rather more pressure to sell Indian linseed, but Plate quotations retain a degree of firmness. Argentina's old crop surplus at the close of last week was returned at 34,000 tons, and India is expected to ship about 60,000 tons. Cotton

seed is not so firm. Dealings in old crop have stopped and for new crop, September loading, £8 is asked without any response. Trade in refined cotton oil is slow and export demand below expectations. Oilcakes are in fair demand and prices are steady.

TIMBER.—Imports of sawn softwoods last month were rather below the corresponding figure for 1935. Prices show a hardening tendency and the stocks are light. Imports from Canada have increased, though not to the 1934 level, and the rise in prices seems likely to encourage heavier entries from other sources. Continental demand remains poor, in contrast to the active conditions prevailing in this country. In hardwood markets are also generally firm, especially for teak, the demand for which is good. Business in mahogany, however, is slow, but logs of good size and quality generally find a market. Oak remains the most prominent feature, and increasing supplies have come forward this year. The demand

for many popular hardwoods, including maple and birch, should now begin to show an increase, since home manufacturers will be busy on articles for Christmas trade. Plywood imports this year have been well above the level of a year ago, but spot stocks are not excessive.

RUBBER.—The market in rubber was again dull, prices being scarcely changed on the week. The spot price in New York on Wednesday was 16½ cents per lb., compared with 16½ cents per lb. a week ago and 16½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. for "October-December" shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 109,461 tons, against 111,242 tons a week earlier. A year ago stocks amounted to 175,363 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, August 26th		The prices in the following are revised with the assistance of an eminent firm in each department.		s. d.		s. d.	
GRAIN, ETC.		POTATOES—		s. d.		s. d.	
Wheat—	s. d.	English King Edward	per cwt.	5 0	6 0	WOOL—	s. d.
No. 2, N. Man. 496 lb.	37 9	per cwt.				English Southdown, greasy, per lb.	13½
Eng. Gaz. av., per cwt.	8 1					Lincoln hog, washed.....	10
Barley, Eng. Gaz. av.	7 3	SPICES—				Queensland, scd. super cmbg.	26
Oats	7 0	Pepper, per lb.—				N.S.W. greasy, super cmbg.	15½
Maize, La Plata, landed ..	26 6	Black Lampung	0 2½			N.Z. grey, half-bred 50-56	13
Flour, Lon. stan. ex mill, ..	31 3	White Muntok	0 4½			Tops	32½
280 lb.	8 1½	Cinnamon—1st sort, per lb.	0 8			Merinos 70's Average	32½
Rice, No. 2 Burma, per cwt.	8 1½	Cloves—Zanzibar per lb.	0 8			Crossbred 40-44	14½
MEAT—		Ginger—per cwt.—	67 6			" 46's	14½
Beef, per 8 lbs.—		African	62 6	90 0			
English long sides	3 8 4 8	Jamaica, ord. to good	1 3	2 3			
Argentine chilled hinds	3 10 4 2	Mace	0 11½				
Mutton, per 8 lbs.—		Nutmegs, 65's	0 11½				
English wetters	6 4	SUGAR—					
N.Z. frozen	3 0 3 8	(Duty, 11/8 per cwt.)					
Lamb, per 8 lbs.—		Centrifugals, 96", prpt.	4 6				
N.Z. frozen	4 8 5 4	shipm., c.i.f. U.K./Cont.	16 6	18 9			
Pork, English, per 8 lbs.	4 10 5 4	B.W.I., crystallised	Nominal.				
		Java, white, c. & f. India					
		Oct.-Dec.					
		Refined—London—					
		Yellow Crystals	17 7½				
		Cubes	21 10½	22 4½			
		Crushed	20 0	20 1½			
		Granulated	18 0	18 10½			
		Home Grown	17 9	18 1½			
		TEA—					
		Indian—per lb.—					
		Pekoe	0 11½	1 4½			
		Broken Pekoe	0 11½	1 11			
		Orange Pekoe	1 0	2 6½			
		Broken Orange Pekoe	0 11½	3 4½			
		Ceylon—per lb.—					
		Pekoe	0 11½	1 10			
		Broken Pekoe	0 11½	1 5			
		Orange Pekoe	1 0	1 10½			
		Broken Orange	1 0	2 1½			
		TOBACCO—					
		(Duty, 9/6-10/6 per lb., ..					
		Empire growth, 7/5½ ..					
		8/3½ per lb.)					
		Virginia leaf	0 8	2 6			
		Common to fine	0 8	1 10			
		Rhodesian leaf	0 7	1 4			
		Nyasaland leaf	0 8	1 6			
		Strips	0 8	1 4			
		East Indian leaf	0 8	1 6			
		Strips	0 8	1 6			
		COFFEE—					
		(Duty, British grown ..					
		4/8; foreign, 14/- cwt.)					
		Santos sup. c. & f. cwt.	42 0	58 0			
		Colombian, good	48 0	58 0			
		Costa Rica, med. to good ..	54 0	74 0			
		Kayah, 32's twist	46 0	65 0			
		KGCS, medium	46 0	60 0			
		English	15 6	16 0			
		Danish	10 6	10 9			
		FRUIT—Oranges	13 6	21 0			
		South African .. boxes ..	13 6	21 0			
		Brazilian .. boxes ..	14 0	19 6			
		Lemons, Malaga .. cases ..	24 0	29 0			
		Sicilian .. boxes ..	24 0	29 0			
		Apples: Amer. (var.) boxes ..	8 0	9 6			
		" Australian .. boxes ..	6 0	8 0			
		Onions ..	7 0	9 0			
		Valencia, case	10 0	15 6			
		Egyptian, bags	12 0	18 0			
		Grapes, Almeria, barrels ..	10 0	15 6			
		Grapefruit, S. African ..	12 0	18 0			
		Amer. ..	56 0	64 0			
		Irish bladders ..	62 0	64 0			
		U.S. ..	56 0	64 0			

† These prices are for fuel oil for inland consumption—other than for use in Diesel-engined road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations unless otherwise stated)

(New York quotations)						Aug. 28, 1935	July 29, 1936	Aug. 19, 1936	Aug. 26, 1936
		Aug. 28, 1935	July 29, 1936	Aug. 19, 1936	Aug. 26, 1936				
Wheat, No. 2, Winter, nearest future, Chicago, per bushel ...	Cents	87½	108½	114½	111½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	Cents	3.50	3.70
Maize, nearest future, Chicago, per bushel	70½	94	116½	112½	Cotton, middling, spot, per lb. Rubber, smoked sheet, spot, per lb.....	10.95	12.80	12.13	11.88
Oats, nearest future, Chicago, per bushel	25½	38½	44½	42½	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel.....	94	104	104	104
Rye, nearest future, Chicago, per bushel	41½	76½	84½	83	Copper, "Electrolytic," Domestic spot, per lb.....	8.02½	9.27½	9.35	9.40
Barley, nearest future, Chicago, per bushel	(a)	66	83	79	Copper, "Electrolytic," Export prompt, per lb.....	8.25	9.50	9.57½	9.62½
Coffee, Rio No. 7, cash, per lb....	6½	7½	8	8	Spelter, East St. Louis, spot, per lb.....	4.60	4.80	4.80	4.80
" Santos No. 4, cash, per lb.	8½	9½	9½	9½	Lead, spot, per lb.....	4.35	4.60	4.60	4.60
Cocoa, Accra, nearest future, per lb.	4.70	6.13	6.85	6.62	Tin, "Straits," spot, per lb.	49.15	43.12½	42.50	42.50
(a) Nominal.									

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THE WEEK IN THE MARKETS

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COMMERCE AND TRADE

DR. SCHACHT AND THE FRANC

IN recent weeks the redoubtable voice of the President of the Reichsbank has been reinforced by that of the new Governor of the Banque de France in urging the need for what is now euphemistically termed "an alignment of currencies" and for an increase in the volume of international trade. At the end of July Dr. Schacht started the ball rolling. In the first week of August M. Labeyrie repaired to Berlin and Amsterdam to discuss such problems with Dr. Schacht and M. Trip; and last week Dr. Schacht repaid M. Labeyrie's courtesy with a visit to Paris. In view of the trade and exchange stringency in Germany and of the financial problems facing the French Government, the conversations in Paris last week have acquired an interest disproportionate to the meagre *communiqués* which accompanied them. It is worth delving below the surface of the conflicting reports from the French capital; for they bear the marks of anticipation rather than of information.

For example, it has been widely reported that Dr. Schacht, fearing his inability to maintain his "New Plan" for control of imports and foreign exchange requirements during the coming winter, repaired to Paris in order to sound M. Labeyrie and the French authorities on the possibility of a Franco-German agreement for a *modus vivendi* in the event of devaluation both of the franc and the Reichsmark. Further, it has been surmised that he tried to obtain a joint Franco-German proposition for "currency alignment" with which to face the Anglo-Saxon authorities who control the sterling and dollar legs of the sterling-dollar-franc exchange tripod. Again, it has been reported that he had raised in Paris Germany's need of raw materials, free exchange, and colonies; and that he had been sent by Herr Hitler both to assure the French that the German Conscription Prolongation Decree of August 24th was not aimed at them, and that German re-armament could only be arrested by timely economic and political concessions to Germany. There are obvious inconsistencies in these reports; notably between the reported German demand for concessions and the reported proposals for a currency agreement with the French. For one does not commit diplomatic blackmail and simultaneously offer the other party a way out which, in any case, it would eminently suit him to take.

At the outset it may safely be presumed that Dr. Schacht felt himself the stronger of the two in his conversations with M. Labeyrie—or with anyone else in Paris. Had not M. Labeyrie been impelled to visit him first? And while Dr. Schacht must needs admit urgent exchange difficulties, the German finances certainly are at present under a stronger control, and may even enjoy better immediate prospects, than those of France. The only advantage which the French authorities can adduce is the absence of immediate foreign exchange stringency. Dr. Schacht is harassed by no efflux of German funds, no vested interest in devaluation (for private resources, like all others, are strictly amenable to State control in Germany), and no lack of lenders, voluntary or involuntary, to the State. He already enjoys some of the advantages of devaluation without certain of its disadvantages. His regiment of polyonymous Reichsmarks enables him to use a currency devalued by about 55 to 60 per cent. in his rôle as a debtor, and to employ the gold standard as a trade creditor—witness his success with all the smaller countries who can only use their blocked marks to subsidise Germany's exports. He has practically no gold stock which formal devaluation might enable him to "write up" for profitable purposes.

It is inconceivable, therefore, that he came to Paris as a suppliant—a part which Dr. Schacht in any case would decline to play. It is just possible that he mentioned Germany's need of colonies *en passant*; for he has always been identified with the movement for their return. We can safely assume, however, that that was not the object of his trip to Paris. It is also understandable if he took the opportunity to voice Herr Hitler's mistrust of the Franco-Soviet Pact, and in that connection deprecated French fears.

Moreover, an amicable exchange of views between the President of the Reichsbank and the authorities in Paris—and such it certainly was—might at least enable Dr. Schacht to broach the possibility of increasing the volume of Franco-German trade. Northern and Eastern France and the industrial Rhineland possess many complementary industries in which both French and German funds are invested. Proportionate increases in their exports to each other would enable the hard-pressed authorities in both

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countries to improve industrial employment and profitability by "civil" means—without the costly and distorting effects of more and more extensive re-armament, defrayed by State funds and providing no yield.

It seems far more likely that Dr. Schacht's visit to Paris was undertaken in a spirit of inquiry rather than in response to overwhelming necessity. Dr. Schacht knows, as most observers know, that the French Government's social reforms have brought either devaluation of the franc or a thorough-going system of rigid financial controls well within the ambit of foreseeable contingencies. Prices are rising in France; but the Popular Front Government are trying with one hand to hold them down for the workers' sake, while with the other they are substantially raising the effective level of French costs. The Banque de France has been reformed by the Government, so as to be able to stand in the gap which the Treasury faces. It may well do so for a time, but the increasing import surplus, the disappointing revenue returns, and the meagre response to M. Vincent Auriol's "baby bond" issue, point a cogent moral. The Banque cannot lift the burden of higher costs from the shoulders of industrialists simply by lending them money, at cheap rates, to defray them. Such a process would soon make industry the biggest debtor of the State, without proportionately increasing its profitability. Nor can the Banque continue indefinitely to make advances to the Treasury; a limit will come long before its advances equal its gold stocks. Nor, finally, has the gold efflux from France ceased steadily to trickle.

In the light of these facts, Dr. Schacht may reasonably have assumed, after M. Labeyrie's visits, that MM. Labeyrie and Vincent Auriol were setting the stage for devaluation. That would not have been an inherently unreasonable construction to put on the French authorities' reiteration of the need for "alignment of currencies" and the relentless trend of opinion in favour of devaluation in France, which is now shared by many Communists hitherto opposed to it. In that case, Dr. Schacht might find himself faced with a *fait accompli* in or about November, when the dressing of the French Budget by the Chamber and Senate Finance Committees brings the issue into the political arena. That would leave him to decide, perhaps too suddenly for his liking, how to effect a devaluation of the Reichsmark to a lower level than that of the devalued franc; in which case he might well find the new Reichsmark at the mercy of a firmly reconstituted franc-dollar-sterling triumvirate. In this connection, it was circumstantially reported by *The Times* Paris correspondent this week that an unofficial emissary of the French authorities received an official assurance in London two months ago, when the French gold efflux was at its recent peak. The terms were said to be that as long as the degree of franc devaluation were reasonable and did not result in "dumping" by France, the British authorities would not only refrain from deliberate depreciation of their own currency, but would even support sterling if necessary. It was also reported that a similar assurance had been given in Washington about the dollar. (This, we may recall, was the gist of the assurance which we proposed in the *Economist* as long ago as February 18th last.)

In these circumstances, it seems natural that Dr. Schacht should have decided to continue without delay the discussions which M. Labeyrie presumably initiated in Berlin five weeks ago. And to us it appears commendable that he should have done so; for despite his iron control of German domestic finances the German exchange situation remains one of acute stringency. This may well be intensified during the winter. The slow revival in international trade renders Germany a slightly less necessary market to primary producing countries. And their experience of the conversion of their blocked marks into relatively costly imports of German manufactures is no recommendation for a repetition of their experience *ad nauseam*.

In our opinion, agreement between London, Paris and Washington on the conditions precedent to eventual devaluation of the franc is more necessary than ever to-day; and, as we said last February, the German situation cannot be left out of account. The present position and prospects of the franc afford a framework for such an agreement. Dr. Schacht must remain, therefore, for the present a *tertius*, if not *gaudens*, at least *vigilans*.

THE ANGLO-EGYPTIAN TREATY

THE text of the Anglo-Egyptian Treaty, which was made public after the ceremony of signature last week, is a notable achievement by both Governments. At a time when developments in Africa, the Mediterranean and the Near East have provided them with plenty of preoccupations, they can congratulate themselves on so auspicious a result of their labours. It is, perhaps, not out of place to reserve part of our congratulations for Signor Mussolini. Like the Anglo-Iraqi Treaty and the Statute of the Little Entente, this is a treaty of alliance as well as of friendship; and, in the preamble, the object is stated to be to provide, in the common interest of Egypt and Great Britain, "for effective co-operation in preserving peace and ensuring the defence of their respective territories."

The first article declares that "the military occupation of Egypt by the forces of His Majesty the King and Emperor is terminated." The feeling of relief will be as sincere in this country as in Egypt itself at the end of a dispensation which has dragged on for fifty-four years.

The recognition of Egypt as a sovereign independent State (Art. 3) repeats one of the terms of the British declaration of 1922. But the formula has a new meaning in a treaty in which Great Britain no longer unilaterally reserves control over four of the principal attributes of sovereignty in Egypt's case; and an earnest of British good faith is given in the announcement, in the same article, that His Majesty's Government will support the Egyptian Government's forthcoming application for admission to membership of the League of Nations. In another place (Art. 10) it is stipulated that nothing in the present Treaty shall prejudice the rights and obligations of the parties under either the Covenant or the Kellogg Pact (to which Egypt is already a party).

The new Anglo-Egyptian alliance is established in Article 4, and the next two articles make provision—on the lines of the Anglo-Iraqi Treaty and the Statute of the Little Entente—for the avoidance by the parties of any attitudes towards, or relations with, third parties that might be inconsistent with their present treaty engagements with one another; provision is also made for consultation between them in face of any situation that might involve the risk of a rupture with a third party. In the event of either party finding itself at war, the other is immediately to come to the aid of its ally (Art. 7); and no limitation is set to the aid which, in this event, Egypt is to receive from Great Britain. On the other hand, it is expressly stated that the aid which Great Britain is to receive from Egypt is to consist in furnishing "all the facilities and assistance" in the Egyptian Government's power, including the use of Egyptian ports, aerodromes and means of communication.

In the next article the Egyptian Government authorises the British Government to station forces—in the first instance for a period of 20 years—in a zone of Egyptian territory in the vicinity of the Suez Canal, with the proviso that "the presence of these forces shall not constitute in any manner an occupation, and will in no way prejudice the sovereign rights of Egypt." This arrangement is to come to an end when the parties "agree that the Egyptian Army is in a position to ensure by its own resources the liberty and entire security of navigation of the Canal." But if the British Government has not come to this conclusion by the end of a twenty years' term, then the question is to be referred to arbitration, either to the Council of the League of Nations or to some other agreed authority. This article is supplemented by an annex which defines the area of the Canal Zone; limits the British forces there to 10,000 land troops and 400 Air Force pilots (exclusive of civilian personnel); arranges for the accommodation and exercising of these British troops; provides for the improvement of Egyptian roads and railways on a number of specified sectors; lays down conditions for the passage of aircraft; and—more important than these technical points—gives the British Government permission to maintain some of its forces at or near Alexandria for the first eight years. The legal status of the British soldiers stationed in Egypt is to be determined in a separate convention.

Down to this point the new treaty follows very closely the lines of the agreed portion of the draft for a treaty which

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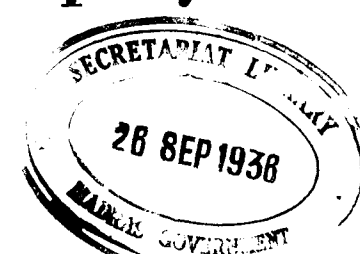
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was negotiated in London in 1930 between Nahas Pasha and the late Mr Arthur Henderson. And His Majesty's present Government have thus honoured Mr Henderson's promise—given to Nahas Pasha when the negotiations broke down in 1930 over the Sudan—that the failure to arrive at a comprehensive agreement should not invalidate the agreement that had already been reached on a number of important heads. In this sense, the British contribution to the present treaty is the work of H.M. Opposition as well as of H.M. Government. This is an additional guarantee of the treaty's durability.

It is in the agreement over the Sudan that the present Treaty breaks new ground. Here (Art. 11) the Parties wisely declare that "nothing in this article prejudices the question of sovereignty over the Sudan," and that the administration of the Sudan is to continue to be based on the two Anglo-Egyptian agreements of January 19 and July 10, 1899. Unnecessary occasions for abstract controversy having thus first been eliminated, an agreement has been reached by concessions on both sides. The Egyptian concession is implicit in the statement that "the parties agree that the primary aim of their administration in the Sudan must be the welfare of the Sudanese"; for this means the abandonment of the old Egyptian view of the Sudan as an Egyptian colony which Egypt was entitled to exploit mainly for her own benefit. She is to be heartily congratulated on the change of attitude which the Sudan article of the new Treaty puts on record. The other concessions in this article are all on the British side.

"Egyptian immigration into the Sudan shall be unrestricted except for reasons of public order and health"—*nota bene*, for this question of immigration is the point on which the negotiations of 1930 finally broke down. Moreover, Egyptian troops and administrators are to be re-admitted into the Sudan side by side with the British troops and administrators—subject to the proviso that this is to be done at the discretion of the Governor-General (who is an Englishman), and that neither Egyptians nor British shall be appointed to any administrative posts for which properly qualified Sudanese candidates are available. There is to be no discrimination in the Sudan between British subjects and Egyptian nationals in matters of commerce, immigration or the possession of property.

The earlier articles safeguarding British military interests in Egypt are balanced by Articles 12 and 13, which promise British assistance to Egypt in a cause which the Egyptians have much at heart: that is, the abolition of the old Ottoman Capitulations—which are still in force in Egypt, though they were swept away in Turkey twelve years ago and have been suspended in the ex-Ottoman territories that are, or have been, under mandate (e.g. in the now independent kingdom of Iraq). In Article 13 it seems to be hinted that Egypt may abolish the Capitulations unilaterally in the last resort, if she does not succeed in her forthcoming endeavours, with British backing, to obtain their abolition by the consent of the interested Powers.

At the end of twenty years the whole Treaty may be brought up by either party for revision by agreement, with the League Council or some other agreed authority as referee in case of differences of opinion. But in any case the alliance between the two parties is to be maintained in force "in accordance with the principles contained in Articles 4, 5, 6 and 7."

Apart from the technical annex to Article 8, the Treaty has several appendices: an agreed minute ranging over points of detail in a number of articles; correspondence providing for the replacement of the British personnel in the Egyptian Army by a British military mission, and at the same time arranging for uniformity between the Egyptian and the British Army in equipment and in training; and finally, correspondence envisaging the progressive elimination of European officials from the Egyptian Public Security Department.

Taken together with these appendices, the Treaty seems to carry agreement into all the nooks and crannies of Anglo-Egyptian relations. Because the settlement is so comprehensive, even in detail, it ought henceforward to be a good guarantee of happy relations between Egypt and this country.

HOUSING IN AMERICA

THE crucial part which building trade activity has played in British trade revival is everywhere admitted. In America, however, though the need for improved housing facilities has been no less urgent than in Great Britain, the contribution made by the building industry to trade revival has been much less conspicuous, to say the least.

Two years ago, a survey of housing conditions in sixty-four American cities showed that, of 2,633,135 units housing a population of nearly 10 millions, some 20 per cent. of rented houses and 13 per cent. of owner-occupied houses had no indoor sanitary facilities; that 28 per cent. and 16 per cent. had no bath or shower; and that 48 per cent. were over twenty years old. A survey in the country areas revealed that four out of five rural houses had no running water; that three out of four had no gas or electricity; and that there was a need for the expenditure of \$3,500 millions to put these dwellings into good condition. America's estimated requirements, for slum clearance, the replacement of housing deficiencies and the abolition of overcrowding, have been put at ten million houses during the next ten years.

The need is obvious, but as yet few steps have been taken to meet it. According to the F. W. Dodge Corporation, residential construction contracts (inclusive of repairs) in 37 States east of the Rockies were \$2,748 millions in 1925 and averaged \$2,700 millions up to 1928. In 1933-34 the total fell as low as \$249 millions—less than one-tenth of the pre-depression level. Even in 1935, it increased only to \$479 millions, though it has shown signs of more rapid revival

in recent months. It used to be estimated that, with America's population increasing by 1.6 per cent. per annum, some 500,000 new dwellings were needed each year merely to keep pace with the increase. In fact, during the quinquennium 1931-35, the annual rate of increase was only $\frac{3}{4}$ per cent., but deficiencies of housing accommodation have piled up during the depression. The building permit figures for 257 cities showed a total of 490,000 new dwelling units, single and multiple, in 1925, but no more than 25,000 in 1934 and a little over 50,000 in 1935. That the housing deficiencies cannot be made good entirely by private enterprise is generally admitted. Even the advocates of private enterprise agree that Government action may be necessary to satisfy the needs of workers with incomes below \$1,000 a year, for houses not exceeding \$2,000 in cost. Advocates of wider Government intervention maintain that private enterprise cannot produce houses at a rent within reach of the \$1,500 or even the \$2,000 a year classes. As 50 per cent. of the American people at present have incomes falling between \$1,000 and \$2,500, and possibly 30 per cent. have incomes below \$1,000, it would seem that the problem certainly lies on the border line between private and public enterprise, and may be, in large part, insoluble, without some form of State or Federal subsidy.

Whether the private builder receives Government assistance or not, he must necessarily carry out the actual building operations over a large part of the entire field. It has been suggested that a private building boom is now, in fact, in its early stages, but the evidence is not wholly conclusive. Throughout the depression, building costs have been relatively unresilient. If the year 1926 be taken as a base, the Department of Labour's index of wholesale prices of all commodities was 95 in 1929, 65 in 1932, and 80 in 1935. The *Engineering News Record* index of building labour-material costs (which account for about 75 per cent. of the whole) was around 100 in 1929, 75 in 1932 and 94 in 1935. The need for all classes of property, again, is not uniform. The last boom has left a surplus of large-apartment houses. Demand for small apartments, it is true, is rapidly increasing, as a result of the favourable influence of rising national prosperity on the marriage rate and the ability of families formerly living together to set up house for themselves. Nevertheless, if any new construction boom occurs, its main field of activity is likely to be the single family dwelling rather than the apartment house. The increase in speculative building of this type of dwelling has so far been directed mainly to houses costing at least \$7,500, which are too expensive for the majority of potential buyers. Even if technical improvements and other factors combine to reduce this minimum figure, the extent of effective demand may be a function not only of industrial recovery, but also of the ability of would-be purchasers to obtain mortgage facilities.

In America, hitherto, mortgage rates have been higher than in England, and a smaller proportion of the total purchase price has been obtainable on mortgage. Fortunately, the position appears to be changing, to the borrower's advantage. In New York City, mortgage rates ruling at about 6 per cent. before the depression have fallen to 5 per cent., and this experience appears to be fairly typical of conditions in other parts of the country. The intervention of the Federal Government in the mortgage field, undoubtedly, has been decisive. The building and loan societies, whose work was largely paralysed by the depression, were rescued in 1932 by the new Federal Home Loan Banks, which will rediscount mortgages. This was later supplemented by a Federal Savings and Loan Insurance Corporation, which performed the same service for the depositor in these institutions as that of the Federal Deposit Insurance Corporation for depositors in commercial banks. The freezing of real estate loans did much to precipitate the banking crisis of 1933, and the action of the authorities checked the process of foreclosure, which was proceeding with catastrophic rapidity. A further measure of protection was provided by the Home Owners' Loan Corporation, which took over about one million mortgages and issued some \$3,000 millions of its own bonds. In 1934, the Federal Housing Authority was established to insure approved loans for modernising and repairing houses, up to individual totals of \$2,000 or 20 per cent. of the cost, and to

insure mortgages on new homes up to \$16,000, or 80 per cent. of their value. It was provided that charters were to be given to private mutual mortgage associations, which were authorised to issue debentures against the purchase of insured new mortgages, up to ten times their minimum capital of \$5 millions. The Federal Reserve Act was so amended as to allow commercial banks to rediscount real estate mortgages, to buy mortgages up to 60 per cent. of their approved value or 100 per cent. of their own banking capital and surplus, and to deal in the insured mortgages of the Federal Housing Authority. The Reconstruction Finance Corporation formed a Mortgage Corporation, initially for the relief of apartment houses and hotels in large cities and, later, to purchase insured mortgages from original holders. Recently, insured mortgages have found a fairly ready sale with the public, which is protected by the provision that in the case of default the Federal Government will substitute its own 3 per cent. bonds; and since the Government is responsible for the Federal Deposit Insurance Corporation, it is under some obligation to indemnify depositors in commercial banks against any losses through the new freezing of the banks' mortgage holdings.

Although the Federal Government's policy in the mortgage field has been mainly opportunist, and the resulting system is neither scientific nor symmetrical, it is generally agreed that its salvage work has been beneficial. If cheap money continues without any new rise in building costs, while rents increase sufficiently to stimulate the speculative builder, recovery in residential building may be encouraged by a rising national income. The Department of Commerce has estimated the national income in 1935 at nearly \$53,000 millions, against \$39,500 millions at the bottom of depression in 1932. There will remain, however, a considerable field for public enterprise in low-cost housing projects for slum clearance and other schemes which are insufficiently profitable for private enterprise. So far, the Federal authorities have endeavoured to promote activity along these lines by initiating projects of its own with a grant of 45 per cent. of the cost, rents being fixed to pay interest on the balance. So far, however, the effort has not been particularly successful. An unfortunate result of the absence of co-ordination in Federal activity has been a jealous three-cornered rivalry between the interests grouped around the Federal Housing Authority, the Home Owners' Loan Corporation, and the Public Works Administration. An attempt was made to solve the problem along P.W.A. lines, in a bill introduced by Senator Wagner, but the measure had not been passed at the close of the last session of Congress.

It may be concluded, therefore, that while the scope for new residential building activity is at least as wide in America as in Great Britain, neither in the public nor the private field has new constructional activity reached, proportionately, anything like the British dimensions as yet. If and when the Government, having overcome the difficulties bequeathed by the last depression, turn their attention systematically to the problem of re-housing, it may be hoped that one lesson at least will be learned from Britain's experience, and that re-housed slum dwellers will not be condemned to a lower standard of living by significantly increased rents and transport costs.

COMMERCIAL MOTOR PROGRESS

(BY A CORRESPONDENT)

THE number of commercial motor vehicles on British roads has increased this year. New registrations of goods vehicles numbered 58,643 for the nine months October-June. This record figure was 10.8 per cent. higher than the corresponding total for last year. It reflects an improvement which began early this year and is still in evidence. Omnibus sales at 4,222 (against 3,659) were higher than at any time since the coming into force of the Road Traffic Act of 1930. The number of omnibuses in use, exclusive of trolley-buses, has been stabilised by the Traffic Commissioners at around 45,000, including about 7,500 Diesels. The total goods vehicles in use have increased from 409,935 in May, 1935, to 433,531 this year.

Improvement has been most marked in the lighter type of goods vehicles and the medium and heavy classes of passenger vehicles. In both cases the present statutory position of road transport is one of the most important factors in demand. The Road and Rail Traffic Act of 1933 has served to concentrate attention on the total unladen weight rather than the number of vehicles. There has been a definite tendency to replace fleets of heavy-weight trucks by a larger number of light or middle-weight vehicles. On the other hand, the policy of the Traffic Commissioners in restricting the number of omnibuses on particular routes, rather than their seating capacity, naturally induces operators to increase the size of their vehicles whenever this can be profitably undertaken.

The manufacturers of the lighter classes of goods vehicle, up to 2½ tons unladen weight, have recently enjoyed a period of exceptional activity. These vehicles are mainly purchased by ancillary users, the expansion of whose road fleets, unlike those of road hauliers, is not restricted by law. The growth of new housing estates, outside the old urban areas, is compelling distributive firms continually to extend their delivery radius. New registrations of goods vehicles not exceeding 2½ tons unladen have increased this year by 12.9 per cent., from 47,595 to 53,735, and have accounted for 91.6 per cent. of all new lorry registrations. Within this class the most spectacular advances have been made by light vans not exceeding 12 cwt., which have increased by 27.7 per cent. from 9,894 to 12,638, and by "middle-weights" of 2-2½ tons, which come just below the legal line of demarcation between a "motor car" and a "heavy motor car." These have advanced by 26.3 per cent., from 13,480 to 17,019. These vehicles are increasingly popular with haulage contractors. The increase in the advertised carrying capacity of vehicles in the 2-2½ ton class, which has been raised during the past two years from an average of 40-50 cwt. to 60-80 cwt., and sometimes even more, undoubtedly contributes largely to their popularity, the manufacturers having concentrated their efforts on obtaining the highest possible ratio of pay-load to unladen weight.

Probably over 70 per cent. of the market for goods vehicles not exceeding 2½ tons is in the hands of three firms, Bedford (Vauxhall), Ford and Morris Commercial. Several of the other leading car manufacturers, notably Austin, have a substantial business in light delivery vans; and imported American vans and light lorries, such as Dodge, Studebaker and Reo, are gaining a foothold in the British market. Efforts to establish the light Diesel have not so far been successful. There have been no new registrations whatever of light-weight vehicles using steam, coal gas, producer gas, or any other fuels than petrol, heavy oil and electricity. Among the heavy-weight vehicles, sales of petrol lorries of over 2½ tons have decreased from 4,200 to 3,946, and Diesels have decreased from 1,079 to 926. "Steamers" numbered only 21, and can no longer be considered a factor of importance.

The setback to the Diesel must necessarily be disappointing to the two largest "heavyweight" manufacturers, who make their own engines, since their production now consists largely of Diesel vehicles. The other "heavyweight" manufacturers, for the most part, still make their own petrol engines, but buy Diesel engines, and instal them in chassis they have themselves built. Under existing conditions, it seems improbable that there will be any general revival in the popularity of the "heavyweight" on the home market. In some cases the "heavyweight" manufacturers are endeavouring to enter the "middleweight" market, but here the hold of the big three "lightweight" manufacturers is strong and their prices are low. The heavy vehicle section has, consequently, devoted increased attention to exports, and it is responsible for a large proportion of the whole commercial vehicle exports, which have risen this season from £2,141,906 to £2,413,164.

The most satisfactory experience of the heavy section of the industry has, undoubtedly, been the passenger section. New Diesel bus sales have increased from 1,602 to 2,066 and trolley-buses from 137 to 287, while sales of petrol buses have fallen from 1,920 to 1,869. The Diesel is forging ahead on the passenger side, where the saving in fuel costs on high mileages is sufficient to offset the heavier initial outlay. Further, the difference of about £150 in

capital cost between a Diesel and a petrol omnibus represents a much smaller proportion of the total cost of the complete vehicle than in the case of the lorry. The present scale of demand for new omnibuses is higher than the replacement level of 4,500 vehicles per annum, allowance being made for the fact that the best months for omnibus sales are in the summer. This condition is largely due to the decision of omnibus-operating companies to expedite their renewal programmes in order to profit by the lower operating costs of Diesel vehicles.

The most recent significant development in the passenger transport vehicle industry, however, has been the increase in sales of trolley-buses, which are being gradually substituted for electric trams by the London Passenger Transport Board and many municipal authorities. There are now some 1,500 trolley-buses in operation. It is true that some 10,800 trams are still in use, but as the obsolescence of the trams is now generally admitted, it is expected that a very large number will be replaced by trolley buses in the next few years. The legal position of the trolley-bus is curious. It is necessary for a local authority to obtain a special Act of Parliament before it can operate trolley-buses. Once these powers have been obtained, however, the operation of the trolley-buses is outside the sphere of the Traffic Commissioners, who are responsible for the control of buses using every other form of motive power. This anomaly will doubtless be corrected in due course. The majority of the trolley-buses sold are the products of three firms, the Associated Equipment Company (which uses the English Electric Company's equipment); Leyland (with General Electric Company equipment); and Sunbeam, controlled by Rootes (with British Thomson-Houston electric equipment). There is, probably, more scope for expansion in this market in the next few years than in any other section of omnibus manufacture. In other branches of the industry, once the omnibus-operating companies have completed the substitution of Diesel for petrol vehicles, demand will inevitably fall back to the normal replacement level. That condition is likely to continue so long as the Traffic Commissioners follow their present aim of stabilisation rather than expansion in the omnibus industry.

THE "QUEEN MARY"

THE "Queen Mary's" record, like the summer of 1936, has been rather long in coming. But, if the hopes of May remained unfulfilled till the end of August, there is none the less—indeed, perhaps the more—reason for rejoicing at their eventual fulfilment. For another chapter in the great ship's eventful story, now indissolubly linked, it seems, with the national fortunes, has been completed. Following on her capture of the East to West record a fortnight ago, she returned last week from the Ambrose Lightship to the Bishop Rock in 3 days 23 hours and 57 minutes at an average speed of 30.63 knots, the fastest crossing ever made. There is, perhaps, no more spectacular example of the technical triumphs of the modern world than the fact of a ship, or rather a floating city, as large or larger than the British Houses of Parliament, travelling unscathed through the ocean at not much below forty miles an hour. Drive a car at a corresponding speed down any second-class country road, and the "Queen Mary's" 30.63 knots becomes almost impossible to believe. To the engineers and workers of Clydebank, accordingly, we can all pay a most sincere tribute of wondering respect.

Perhaps that tribute would have been a little more spontaneous if the workers had been left to do their work unassisted by publicity experts. Nowadays, however, it seems that an up-to-date business firm, no less than an up-to-date Government, must have its Department of Propaganda and National Enlightenment. As a result, the story has had its moments of comedy, as well as melodrama and tragedy; and the layman, ignorant of marine economics and marine engineering, has found himself not so much enlightened by the glare of propaganda, as blinded and bemused. At one time he was told that the "Queen Mary" was to be the world's largest liner; yet, on the very day of her launching it was discovered that the

"Normandie" had grown several thousand tons and out-distanced her younger rival by a curiously narrow margin. There were even stories—surely not to be believed—of unobtrusive agents of the two companies, travelling incognito, visiting the rival ships in dry dock and returning unobserved.

Moreover, when the "Queen Mary" took to the water, the fog, if anything, grew thicker. She was a triumph, some said, of æsthetic dignity and graceful lines. On the contrary, whispered others, she entirely lacked the streamline of the "Bremen," "Europa," and "Normandie," and was unashamedly Victorian in design. Then there was an apparent difference of opinion about the intentions of her owners. The essential idea, we were told, was to provide two ships, as small and as slow as possible, but capable of maintaining in partnership a weekly service; and there was to be no question of breaking records. Yet the whole world was invited to attend, or at least follow, the maiden voyage of a lonely virgin; and it was only an inconvenient Atlantic fog, we were assured, that prevented her breaking the record after all. The fog, and other meteorological misfortunes, dogged her footsteps throughout the summer; until one day the layman was surprised to learn that the "Queen Mary" was in dry dock and that her engines were being examined and adjusted. Not long afterwards, just before the record-breaking trip, it was reported that the builders had waived a provision prohibiting the full use of her turbines and the development of a horse-power said to be 30,000 greater than the 170,000 of the "Normandie." At the same time certain of the ship's officers were recalled from holiday; and, though we were still assured that there was no question of breaking records, the record was duly broken on the very next trip.

Nor, despite the brilliant weather that welcomed the heroine home, has the fog entirely lifted even now. In one interview an official of the ship refused to state whether the last reserve of horse-power had been used; while another remarked that there were "still some more horses in the bag"—which an august contemporary translated: "The 'Queen Mary' had not utilised all her horse-power." And it has since been authoritatively stated that though the

ship was "let out," this was only done to obtain technical experience. Meanwhile one spokesman has remarked there was absolutely no vibration on the ship, and another that vibration occurs in every ship at certain speeds. Nevertheless, for all these trivial uncertainties, and even despite the possibility that the "Normandie" may find before the winter an Atlantic calm and fogless enough to go 0.4 knots faster, the general public will have no longer any doubts that the "Queen Mary" has won a famous victory. If anything were necessary to prove it, it would be the fact that she has conquered not merely the Atlantic but the advertisement hoardings in this country. Her familiar form meets one at every turn, and urges the benefits not merely of ocean voyages or even of oil and petrol, but of cigarettes, of patent medicines, of cosmetics, and of beer.

Whether the "Queen Mary" is a business proposition from her owners' point of view, whether a great ship designed for a double service can prosper alone, how great are the running costs incurred at 30 knots, are known only to the experts. But it seems, on the face of it, as though the "Queen Mary," like those Governments which came to power on the eve of recovery from the great depression, has been favoured by the gods. Wall Street prices are rising; and all the auguries tell us that the upward swing of the business cycle has at least 18 months to go in the sterling world and perhaps three years in America. May not the "Queen Mary" therefore count on another two summers of Transatlantic exuberance? But what after that? Will the second giant, not yet laid down, take to the seas just as another great slump drives the now bullish American millionaire scuttling to cover? And how about the proposed Imperial Airways Transatlantic services that are already being prepared at Southampton and Portsmouth? And is the "Hindenburg" a possible rival also?

Clearly the saga is only beginning, and there will be many chapters yet to tell in the fabulous career of the "Queen Mary." In 1929-30 she was born at a time of national optimism. In 1931 she was abandoned in a mood of despair. In 1934 came the day of re-awakening, and in 1936 of triumph. What will the next chapter bring? We shall not hazard any other answer than that the world still has its troubles, and the Atlantic Ocean its fogs.

NOTES OF THE WEEK

The Spanish Struggle.—The lull which we noticed last week in the south and north-west of Spain has given way to a storm of activity; and on the north-west front round Irun and San Sebastian it has reached a furious intensity. After a desperate, and by all accounts heroic, resistance round Irun the Government forces were beaten back on Wednesday. The next battle will be for San Sebastian; and if this falls the rebels will have harbours in the north as well as in the south, and direct land communication between them along the Portuguese frontier. Spain will be vertically divided, with the separatist Asturias miners' militia holding out in the *enclave* round Oviedo. In Estremadura, south-west of the capital, General Franco's forces seem to be making slow, if any, progress; in the Sierra de Guadarrama, covering the approach to Madrid from the north-west, the by now well-organised Government troops seem to be more than holding their own; and round Huesca and Saragossa the Catalan supporters of the Government are drawing their net tighter. Nothing yet indicates an early termination of the bloody struggle; and the principal diplomatic representatives in Spain have secured little encouragement for their proposals to humanise the conduct of the conflict—in any case, more encouragement from the Government than from the rebel Generals Franco and de Mola. The most disturbing news of the week is the long-drawn-out delay of the German and Portuguese Governments to put into practice their "agreement in principle" to the French plan for effective abstention from active assistance to either side in Spain. Both Por-

tugal and Germany are authoritarian States whose dictatorships can easily prevent, if they want to, the obvious economic and military assistance which their citizens, if not their servants, are consistently giving to the rebel forces. The number of German and Italian bombing aeroplanes now in use by the rebels seems to be rapidly increasing; and the British Government's instructions last week to their Ambassador in Lisbon seem to have produced no effective response from the Government of the Portuguese "economist dictator," Dr. Salazar. In these circumstances, the loyal observance of M. Blum's international neutrality pledge by Britain, France and the smaller democracies is in fact only penalising the Spanish Government. It is being turned by the non-conforming Powers into active assistance to the rebels. Such a travesty of international good faith should cause the British and French Governments grave misgivings over the situation which may consequently confront them in North Africa and Spain. It may not be the Spanish Government which sustains the real defeat in Spain. And it may not be Generals Franco and de Mola who, in Spain as on the African coast opposite Gibraltar, enjoy the real fruits of victory.

Naval Finesse.—Limitations on the size of the American, British and Japanese naval strength under the Washington and London Naval Treaties expire at the end of this year; thereafter, all the Naval Powers are free to build what quantity of ships they like in any category, pro-

vided they merely inform each other of their programmes. The United States and British Governments have agreed to avoid competitive building. They and the French, after the end of this year, will be the only naval Powers linked by the relic of the Washington system, barren as it is. Italy and Japan retain isolated liberty of action, while Germany's navy is limited to 35 per cent. of the British total tonnage, with a vague limitation on its total submarine strength, under the Anglo-German Naval Agreement of June 18, 1935. In accordance with the terms of the expiring London Treaty, the British Government informed the Japanese Government last July, more as a gesture than anything else, that they proposed retaining in commission 40,000 tons of destroyers which would otherwise have been scrapped at the end of this year. (During the last Commons debates on the Navy Votes strong demands were made by a section of the Conservative Party, led by Mr Churchill, for the retention of the destroyers in question.) The Japanese Government, under the "escalator clause" of the London Treaty, would have been "entitled to a proportionate increase in the category or categories specified." They have replied, however, by announcing smaller increases both in submarines (15,598 tons) and destroyers (12,059 tons)—making 26,657 tons against 28,133 tons under the old 3—5 ratio. This seems to be against both the letter and spirit of the Treaty. One of the main reasons for the British Government's retention of their ageing destroyers was the lack of any general agreement on submarine strength among the European Powers. If Japan and Italy remain outside any agreement, and if Germany, possibly, proceeds to develop her submarine strength, an unrelenting naval race may soon be well under way.

A New Move in Palestine.—The deadlock in the negotiations for a settlement in Palestine has perhaps been successfully broken, thanks to the good offices of Nuri Pasha, the Foreign Minister of Iraq. On a visit to Jerusalem last week, Nuri Pasha discussed the Palestinian situation with the Higher Arab Committee and offered to mediate between the Palestinian Arabs and the Mandatory Power on condition that the Palestinian Arabs agreed to certain conditions (laid down by Nuri Pasha and still undisclosed) for stopping the strike. After some vacillation, the Arab Committee invited him back and completely agreed with him last Sunday on procedure. According to a *communiqué* published by the Mufti of Jerusalem, president of the Committee, "a complete understanding was obtained and unanimous approval of the intervention of the Iraqi Government, as well as that of the [?] other] Arab sovereigns and princes." It is also announced that Nuri Pasha is going to initiate the necessary official correspondence, and that the Palestinian Higher Arab Committee is going to present the understanding with Nuri Pasha to a congress of national committees for confirmation. Pending a settlement, the strike is to go on. There is no suggestion that Nuri Pasha has obtained, or even sought, any preliminary assurances from the Mandatory Power. The Cabinet Council which met again on Wednesday—and from which the Prime Minister was again absent—deliberated for some time on the Palestine situation. It was reported on Thursday that British manoeuvres had been cancelled in order to send more troops to Palestine; and it was rumoured that this was a prelude to declaration of martial law. If His Majesty's Government, or their representatives in Palestine, do consent to negotiate on the Palestinian question with the Foreign Minister of Iraq, they will be recognising that the Arab, as well as the Jewish, interest in Palestine is not confined to the members of the community who happen to be inhabitants of this tiny country, but extends to all Arabs—as it admittedly extends to all Jews—throughout the world. A recognition of this principle would be politic, for it would certainly ease the tension on the Arab side. It would also be common sense; for the non-Palestinian Arab factor in the Palestinian problem is a very pertinent fact. Even if the last Palestinian Arab were beaten or bribed out of the country, Palestine would still remain a tiny enclave in a vast Arab world extending from the Taurus to the Indian Ocean and from the Persian Gulf to the

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Atlantic. With this circumambient Arab world Zionism must somehow come to terms if it is to have any future in Palestine itself.

Poland and the "Old Love."—This week France has seemingly renewed an alliance and lost a friend. General Rydz-Smigly, Inspector-General of the Polish armed forces since Marshal Pilsudski's death last year, has quickly repaid the visit which General Gamelin of the French General Staff made to Warsaw a fortnight ago. The Polish semi-official Press has assured France and the world that Poland remains faithful to her military alliance of 1923, despite the ten-year Polish-German non-aggression pact of 1934. It may be surmised that the war-time commander-in-chief of the Polish forces hastened his visit to Paris as a result of the Nazi Government's Decree of August 24th, which doubled the effective conscript strength in Germany ostensibly because of "the Russian threat." Poland stands in an uncomfortable position, and it would not be surprising if, as is reported, General Rydz-Smigly discussed the possibility of a loan in Paris for the equipment and mechanisation of the Polish army. (Incidentally, both General Gamelin and General Rydz-Smigly travelled by Vienna without crossing German territory.) It seems certain that Polish foreign policy is identical with defence of the integrity of Polish territory from infractions in the east as in the west; and as it is unthinkable that Russian forces should wantonly invite Poland to join the Nazi camp by invading Poland on their way to Germany, it can only be assumed that Poland distrusts Nazi policy in Eastern Europe—despite the French and Czech pacts with Russia. Poland may well wonder what train may be fired by the Nazi intransigents in Danzig; for German mechanised divisions in East Prussia and bombers at Danzig might close Poland's vital outlet to the Baltic. The German attitude over Memel is hardly likely to diminish her preoccupations; and a *rapprochement* with France, and through France with Czechoslovakia and Russia, seems on the *tapis*.

France and Roumania.—This week France has lost her friend M. Titulescu, for fifteen years (with short exceptions) Foreign Minister of Roumania and one of the architects of the Little Entente. The new Roumanian Cabinet, from which M. Titulescu has been dropped, is ostensibly to suppress armed political groupings; but from its complexion it seems possible that this will be construed as the suppression of the peasants' "defence corps" (on which M. Titulescu depended for support against the Iron Guard) in favour of the Fascist Iron Guard itself. As M. Titulescu had the support of the peasants, and the violent opposition of the Iron Guard, for his policy of co-operation with France, the Little Entente and Russia, it may be that French solidarity with the Little Entente will be weakened as a result of this week's change in Bucharest. On the other hand, political intrigues are no new phenomenon in Roumania, and M. Titulescu has more than once been dropped, only to reappear a few weeks or months later with renewed vigour. And it may safely be presumed, for the present, that the new Roumanian Cabinet will not lightly forgo the proceeds of the recent loan from Prague for the construction of a strategic railway and the supply of Czech armaments. Berlin is a long way from Bucharest.

Three-Cornered Duel in Germany.—The Catholic Church is evidently convinced that the ultimate conflict in the world to-day is the struggle between Catholicism and Communism, and that there is not room in the world for these two faiths to live permanently side by side. This belief plainly emerges in the attitude of the Vatican towards the Spanish civil war; and it was, no doubt, one of several considerations which prompted the Pope cautiously to commend Signor Mussolini for his Ethiopian victory. There is, however, another claimant to the rôle of principal antagonist of Communism. This, of course, is Herr Hitler's National-Socialist Germany. Hitler is convinced, for his part, that his personal mission is to save not merely Germany but Europe from Communism—with a hegemony over the Europe which he will have salvaged as the inevitable and legitimate reward for his services to European civilisation. There cannot be two protagonists in one play: hence it is extraordinary to witness a German regime which claims to save Christendom from Bolshevism actually persecuting both the Catholic and the Protestant churches in exactly the same manner as the Church is persecuted in Russia by those Communists from whom Hitler is to rescue our Christian European culture. The paradox was pointed out in a pastoral letter drafted at a conference of German Catholic prelates the week before last. It was read from the pulpits of the Catholic churches in Germany last Sunday. The German bishops accept the Hitlerian thesis that Communism is the supreme menace with which Germany is confronted; and they point out—with a logic which in different ways may be equally disconcerting to Herr Hitler and to others—that the present disturbance of the unity of the German people in the field of religion is irreconcilable with Herr Hitler's own proclaimed policy. They ask why, in an anti-Communist Germany, the sphere of influence of Christianity and of the Church should be progressively circumscribed until it is confined to the Liturgy within the church walls. They demand, for their own Church, the same range of activity as is granted by the Nazis to the sects on which they look with favour—"German Christians," Rosenbergs, Hauserite Wotan-Worshippers, and the like. They further demand that the terms of the Concordat, signed by Herr Hitler three years ago, be carried out. Will Hitler close with the bargain offered him, to secure the Catholics' support? Or is the idol of German nationalism too fanatically jealous a god? Perhaps he may be inclined towards moderation by the discontent which is markedly rising as conscription and the costs of re-armament press more and more heavily upon the German civilian population.

Mussolini Talks Again.—This year the Italian army manoeuvres have been held in the South of Italy, which is the jumping-off ground of the new Roman Empire in the direction of its African goal. This has given Signor Mussolini the occasion to repeat some things he has said before. Now that he has proved in Abyssinia that he can bite as badly as he barks, the Italian dictator's words have to be taken very seriously by the rest of us. On August 28th he was addressing the civil population of Lucania at the provincial capital, Potenza, and he took occasion to congratulate Lucania on being the most prolific province of the kingdom. "The prolific peoples—those who have the pride and will to multiply their race—have the right to an empire." In other words: first create a population problem by political propaganda, then find a solution for it by military force. On August 30th he was speaking at Avellino to a mixed audience of civilians, blackshirts and soldiers, and he began by telling them that the powerful and well-equipped forces which had just been engaged in the manoeuvres were an almost negligible fraction of the 8,000,000 men whom, like Pompey, he could conjure out of the ground by just stamping his foot. He went on to tell them that, in Ethiopia, the exploitation of the spoils of "one of the most righteous wars that history records" would occupy Italy's energies for several decades; and that for this reason, among others, he wanted to remain at peace for as long as possible. He denounced, however, as he has often done before, "the absurdity of perpetual peace, which is alien to our doctrine and our

temperament"; and he then recited to his audience a number of reassuring symptoms which indicated, in his opinion, that the canker of peace in Europe was unlikely to be a long, long one this time. After "the catastrophic failure of the Disarmament Conference," in face of an armaments race "which has already been unleashed and which now cannot be arrested," and also in face of "certain political situations which are developing ambiguously," Mussolini told his countrymen that, "for the Italians of the time of Fascism," it was necessary "to be so strong as to be able to confront all the eventualities and look firmly in the eyes of any destiny whatsoever." Is this megalomania? Is it *hubris*? Does Mussolini really believe that, in a war of all against all in Europe, Italy would be among the victorious survivors (if "victory" and "survivor" any longer have a meaning in war)? Is he counting on association in war with the forces of Germany? If so, he should recall Machiavelli's advice to his Prince—"never go into war with one stronger than yourself"—for the allies of a victorious Germany would be as much at the victors' mercy as their defeated adversaries. Mussolini's language may be something more than mere clap-trap; but we cannot imagine what kind of future he pictures for Italy in an infernal Europe.

The Road Traffic Census.—The Ministry of Transport has lately been prolific of interesting and important statistical reports on the growth of road traffic and its effects on life and limb. The recent report on fatal road accidents was reviewed in last week's *Economist*. This week there have been published the results of the census of traffic on Class I roads which was taken in the month of August last year (a similar census of traffic on Class II roads was taken last month). It may be permissible to voice a preliminary regret that two such obviously connected factors as traffic and accidents have not been studied in closer conjunction. This study must undoubtedly be in progress in the Ministry, and it is to be hoped that its results will be published in due course. The last traffic census previous to 1935 was in 1931, the long interval being due to the outburst of Governmental economy shortly after the 1931 census was taken. Figures for the same traffic points in both censuses show that the number of passenger vehicles increased over the four years by 33.59 per cent., the number of goods vehicles by 44.71 per cent., while the number of horse-drawn vehicles declined by 26.82 per cent. A comparison of the figures for passenger and goods motor vehicles with the registration statistics gives an interesting result. Registrations of private motor cars and hackney vehicles were 11.6 per cent. higher in the third quarter of 1935 than in the same quarter of 1931. Traffic, however, was 33.59 per cent. higher. In the case of goods vehicles, registrations were 12.1 per cent. higher and traffic 44.71 per cent. higher. It appears, therefore, as if the average vehicle of either class is now getting more intensive use than formerly, and that this applies especially to goods vehicles. This, of course, makes the problem of the roads even more serious than the registration figures alone would indicate. The largest increase in traffic is attributable to pedal cycles, which have increased by no less than 94.98 per cent. in four years. This increase shows a greater geographical differentiation than the changes in other forms of traffic, which are fairly evenly spread over the country. Increase in pedal cycles, however, varies from 53.79 per cent. in the Eastern division to 119.3 per cent. in the Northern division. Smaller localities show even greater divergences, the change ranging all the way from a decrease of 5.58 per cent. in Clackmannan and Sutherland to an increase of 301.28 per cent. in the County Borough of Preston.

The Flow of Traffic.—An attempt was also made in the Road Traffic Census to collect information on the growth of traffic in different kinds of districts and on the variation between peak and "off-peak" hours. For the former purpose, traffic points were classified according as they were in Industrial, Agricultural, Residential-Suburban or Tourist districts. The report gives the figures for a number of specimen points in these four categories,

from which the following table has been calculated:—

	Passenger Motor Vehicles	Goods Motor Vehicles	Horse-drawn Vehicles	Pedal Cycles
	%	%	%	%
Industrial	+ 35.0	+ 30.6	— 30.8	+ 182
Agricultural	+ 29.7	+ 54.7	— 8.8	+ 73
Residential-Suburban	+ 20.3	+ 33.0	— 42.4	+ 61
Tourist	+ 40.8	+ 57.7	— 34.0	+ 75

Perhaps the most interesting fact emerging from this table is the great increase in cycles in industrial districts, tending to show that the popularity of the cycle is not primarily due to the craze for cycle touring, but to its greatly increased use by workers in getting to and from work. This is confirmed by the facts about peak-hour traffic, which show that the average peak-hour traffic, for all kinds of vehicles, was 236 per cent. of the normal, whereas for cycles it was as much as 373 per cent. Both these averages are, of course, compounded of a great variety of individual figures, which show a very wide range. But the concentration of cycle traffic in the hours just before and just after work in industrial areas may perhaps be taken as one more striking proof of the growing standard of living of the working-man in recent years.

The South Wales Dispute.—A chance to avoid the threatened strike in South Wales appeared at the beginning of the week. The South Wales Miners' Federation suggested to Sir Samuel Instone, chairman of the Bedwas Colliery, the scene of the trouble, that a plebiscite should be taken on the question whether a majority of miners prefer the Federation or the so-called Industrial Union. On Wednesday, however, it was announced that the suggestion had been rejected. The offer had seemed one which the management could hardly refuse. Sir Samuel Instone maintains that he is fighting for the freedom of the miners to belong to what union they choose. But it is stated that the "freedom" of workers at Bedwas Colliery is limited by the dismissal of anyone who joins the Federation and the deduction from wages at the colliery office of contributions to the "Industrial Union." In any case, if Sir Samuel has the freedom of the miners so much at heart, why should he object to the holding of an impartially supervised plebiscite, particularly when the adoption of the offer would avert the danger of a strike? The Federation, against which allegations of coercive practices are also made, has strengthened its case by a proposal that strikes the impartial observer as reasonable and fair. Immediate responsibility for preventing a stoppage now rests with the Minister for Mines. But until further facts are published, the public is likely to lay much of the blame on the Bedwas colliery management.

The American Budget.—Public finance is rapidly emerging as the dominant issue of the American Presidential election. In part, this arises inevitably out of the fact that the Budget is the only issue on which the Republican and Democratic platforms differ by more than shades of emphasis. Governor Landon is bravely promising to balance the Budget, and is attracting support from a large section of sober opinion which is genuinely alarmed by the continued series of large-scale deficits. Mr Roosevelt is therefore anxious to prove that his administration is also moving rapidly towards a balance. The deficit in the financial year which ended on June 30th last was the highest ever recorded. But this is not really a fair assessment of the position; for Mr Roosevelt's calculations were thrown out first by the invalidation of the agricultural processing taxes and then by the passage by Congress, over his veto, of the veterans' bonus. If the processing taxes be excluded from revenue, and the bonus and payments for debt redemption from expenditure, the deficit in 1935-36 was \$2,665 millions, compared with \$3,523 millions, and \$4,004 millions in 1934-35 and 1933-34 respectively. A revised estimate of the deficit in 1936-37 which has just been issued is \$1,517 millions (including a certain amount of bonus expenditure). This progress towards balance is not due to any reduction of expenditure, but solely to the extraordinary elasticity of the American revenue, which increases as rapidly in a period of recovery as it declines at

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the onset of depression. Excluding the processing taxes, revenue in 1935-36 was \$4,039 millions, and it is estimated that it will be no less than \$5,666 millions in the current year. There is thus every reason to hope that the deficit will slowly disappear, if only the spending propensities of Congress can be held in check. The second problem of the Treasury, however, remains the task of converting about half the total debt from a short-term to a long-term basis. Even with a balanced Budget this preoccupation may prove to be a severe restraint upon the ability of the banking authorities to control the swollen credit structure.

Alberta's Next Step.—The only method open to Mr Aberhart of introducing anything like Social Credit in Alberta has always been to issue some sort of State promises to pay that are not illegal under the Federal Banking Laws. After his various intermediate measures, he is now apparently trying to do this. The "Alberta Credit House Act," passed this week by the Legislature, provides for the setting up of a "Credit House" and for the registration of all willing to accept the new form of credit. Only those signing the various covenants will be eligible for credit, and no person may demand currency in return for credit. Presumably the new institution will eventually issue free credit, i.e. "social dividends," to those eligible; though it seems that it will also issue repayable loans. An entire system of branch banks is to be established. The experiment will be watched with interest. First the Federal lawyers—and perhaps the courts—will have to determine whether the new plan is compatible with the banking laws. If it is held to be so, the crucial question will be how far traders are willing to accept the State credit certificates in payment for goods. If they are not, and if the credit is not changeable into currency, it cannot fail to go rapidly to a discount against the Canadian dollar. If it is accepted, and "social dividends" are paid out freely, a rise of prices in Alberta may be expected, followed by eventual depreciation of the credit certificates when those inside Alberta try to use the certificates to buy cheaper goods from outside. All this, however, will take time, and other measures are to be introduced meanwhile. There is to be an "Amendment of Trade and Industry Act," creating a "Just Price Board," designed presumably to resist the inevitable rise in prices, as well as two debt reduction Acts, providing for the virtual abolition of interest on old internal debts. Of these three measures the last would appear on the face of it to have the greatest chance of success.

The Recovery of World Trade.—The habit of measuring world trade in value, and even in gold currency units, has enormously exaggerated the fall in international trade between 1929 and 1932, and has equally concealed the recovery since that date. The new report* of the League

* "Review of World Trade." League of Nations, Geneva. (London) Allen and Unwin. 85 pages. 2s. 6d.

on World Trade in 1935 illustrates this recovery. We may neglect the usual practically meaningless calculation in "gold dollars," which shows the total value of world trade at \$23,550 millions in 1935, against \$23,288 millions in 1934 and \$68,622 millions in 1929! This is little more than a measure of the rise in the value of gold since that date. Far more significant is the movement of the *quantum* of trade (i.e. the volume of total imports and exports, expressed as a percentage of the 1929 volume), which has been as follows:—

1929	1932	1933	1934	1935
100	74.5	75.5	78.5	82

It thus appears that the volume of international trade (after falling 25 per cent. between 1929 and 1932) had risen by 1935 to 82 per cent. of its former volume. Since 1935 it has, of course, increased further. It would be most interesting to know the volume of trade in the sterling area: for there is good reason to believe that this is now virtually back at the 1929 volume. The present Report shows that trade in the sterling area is increasing, and in the gold *bloc* decreasing. But it only gives the value of trade in the British Empire as a whole in "gold dollars," and the ordinary volume figures for United Kingdom imports and exports. The latter show that even in 1935 British imports had recovered to 95.6 per cent. of their 1929 volume and exports to 74.7 per cent. There are at present many illuminating figures and details in the Report: but it would be very helpful to have in a future number, if statistically possible, a figure for the volume of trade in the sterling area, or in all countries which have abandoned 1929 gold parities.

The Price of Milk.—Tuesday's increase in the retail price of milk to the "winter" level of 7d. per quart forcibly reminds the consumer of the consequences of the Milk Marketing Scheme. As we showed in our Commerce and Trade section last week, agreement has now been reached between the Milk Marketing Board and the Central Milk Distributive Committee on milk prices for the new contract period, which begins on October 1st. The average wholesale price of "liquid" milk is to be the same as that fixed for the current year by the Minister of Agriculture on the recommendation of the Committee of Investigation, namely, 15s. 3d. per dozen gallons. Certain small increases are, however, to be made in the scale of "manufacturing" milk prices. It is greatly to be regretted that the current scale of retail prices, which the Committee of Investigation considered too high, is to be retained for a further twelve months. It is not in this way that the problem of the milk surplus will be solved. Sales under contract totalled 84.6 million gallons in July, against 64.9 millions in the same month two years earlier—an increase of 30 per cent. During these two years, however, "liquid" consumption increased by only 4 per cent. from 45.5 to 47.3 million gallons, whereas sales for manufacturing purposes rose by over 90 per cent. from 19.4 to 37.3 million gallons. It is increasingly apparent that prices must be fixed not merely in the interest of a few large distributors and of some 160,000 registered producers, but with due regard to the needs and the purchasing power of the 40 million potential consumers in England and Wales. The drastic rationalisation of distribution, long advocated by competent authorities, should permit of a substantial cut in retail prices and leave a reasonable profit margin for producer and distributor alike. The consumer cannot indefinitely acquiesce in the continuance of a system which allows two monopolistic factions to hold up the price of one of the most essential articles of food.

Australia's Constitution.—A sharp difference of opinion developed last week-end at the Australian Premiers' conference on the new constitutional dispute. Like the United States, Australia is troubled by a constitution which forbids all Federal regulation of inter-State trade. The issue was brought to a head in July, when the Privy Council reversed a decision of the Australian High Court

and ruled that the Commonwealth Acts restricting inter-State trade in dry fruits were invalid. Two possible means of escape from the deadlock were subsequently suggested: a referendum on reforming the constitution, or a use of the Commonwealth's taxation powers in substitution for the invalidated Acts. The Commonwealth Government favoured constitutional change; but several of the States, jealous of encroaching Commonwealth powers, were opposed to it. At last week's conference, the Commonwealth Government Attorney-General argued in favour of changing the constitution. Mr Forgan-Smith, Premier of Queensland, however, moved that the Commonwealth should use its power of excise and bounties to compensate the producers of dried fruit and butter for the losses incurred through the invalidation of the former Acts. Mr Butler (South Australia) supported him; but Mr Lyons ruled Mr Forgan-Smith's motion out of order, whereupon Mr Forgan-Smith walked out, followed by Mr Butler. There was further discussion next day, but it now appears probable that a referendum will be taken. It will be watched with interest from abroad, particularly from Canada and the United States.

Trend of Building Costs.—So far the pessimists have been confounded by the remarkable vitality of the building boom in this country. Though dwelling-house construction appears to have reached a peak, the construction of factories and workshops is proceeding apace, and our index of building activity attained a record level in July. The fall in construction costs between 1929 and 1933 may not have been the sole, or even a major cause of the building boom, but it certainly helped to stimulate the revival. It is of interest, therefore, to examine the recent trend of costs, as revealed by the calculations made in the process of computing our index. Briefly, these are based on wage rates, and on the cost of a sample of materials used in building. As the cost of materials represented about one-half the value of the gross output of the building and contracting industry in 1924 and in 1930, we give equal weighting to wages and materials. Similarly, we give identical weights to each class of labour and materials, in view of the extreme difficulty of selecting weights really representative of building as a whole. The index of wages, based on rates in London and Manchester, includes those of masons, bricklayers, carpenters and joiners, plasterers, slaters, plumbers, painters and labourers, and the index for materials is based on London quotations for stone, bricks, wood, tiles, joists and girders, lead, paint and glass. The final index represents the mean between the index of wages and the index of the cost of materials:—

ECONOMIST INDEX OF BUILDING COSTS
(1935 = 100)

	Index of Wages	Index of Materials	Combined Index
1929 December	109.6	115.3	112.4
1932 "	101.8	102.8	102.3
1933 "	99.6	100	99.8
1934 "	99.6	99.2	99.4
1935 August	102.2	99.7	100.9
" December	102.2	101.0	101.6
1936 January	104.2	100.4	102.3
" April	104.2	100.8	102.5
" August	104.2	103.3	103.7

Building costs reached their lowest point early in 1935, when the constructional boom was already well advanced. Subsequently, the index has tended gradually to rise, partly as a result of two increases in wages, and partly owing to rising prices of certain materials. The Board of Trade's index of the price of building materials, which is available only for a few years, has moved closely with the *Economist* index during the past twelve months. But both wages and materials are still appreciably below the pre-depression level. Such a slight rise in costs as has occurred, however, is quite unlikely in itself to endanger the progress of the building boom.

Raw Wool Prospects.—The opening of the new wool selling season in Australia was awaited with some anxiety, for it was feared that Japan's threat to boycott the auctions might lead to a temporary setback in prices. It was known that Japan had accumulated heavy stocks of merino wool during the past season and that she could well afford to hold off the market for some months. But as the trend of prices at this week's auctions in Sydney demonstrated, such fears were unfounded. Although Japanese buyers did not operate, support from other countries was strong enough to sustain the market. At the opening sale in Sydney on Monday, best qualities realised from 5 per cent. to 7½ per cent. more, while average to faulty wool was from 7½ per cent. to 10 per cent. dearer than at the close of the June auctions. Compared with the opening sales a year ago, best qualities realised slightly higher prices, average wool was unchanged, and inferior materials showed a decline of about 5 per cent. On Tuesday and Wednesday, quotations for good qualities were well maintained, but average and inferior materials suffered a decline of about 5 per cent. compared with opening rates. Meanwhile, it is reported that the Australia-Japanese trade dispute has been settled this week. The terms of the agreement, which has been submitted to the Japanese Government for ratification, are still unknown, but are believed to involve modifications of Australia's cotton and rayon import quotas. In any case, the outlook for raw wool, which plays such an important part in Australasia's export trade, is fairly encouraging. The carry-over of unsold wool in exporting countries at the end of June was relatively small, and stocks in the principal consuming countries are by no means excessive. And although the new world wool clip promises to be slightly heavier than last season's, a serious decline in prices and in Australasia's wool cheque is improbable.

An Anglo-Norwegian Whaling Dispute.—A regrettable dispute between British and Norwegian whaling interests came to a head this week, when the British Government decided to withdraw the close-season regulations imposed on whalers registered in the United Kingdom. Last year both the British and Norwegian Governments imposed a close season in Antarctic waters—where an overwhelming proportion of the catch is obtained—and, at the same time, the majority of the British and Norwegian companies (which together dominate the industry) reached a voluntary agreement by which a fixed quota of oil was allotted to each factory ship. Negotiations for a similar agreement were set on foot this season, the avowed British aim being to prevent an undue rise in the price of whale oil and to secure fair treatment for British factories. The Norwegians made proposals which appeared to penalise the more efficient British concerns for the benefit of a large number of less efficient Norwegian factories. Counter-proposals were accordingly put forward from this side; but, while these were under consideration, the Norwegian Seamen's Union informed the British companies that their ships—hitherto dependent on skilled Norwegian labour—would be boycotted unless the Norwegian proposals were accepted. Active interference with British whalers is understood to have occurred in the port of Sandefjord—even to the extent of attempts to prevent the removal of the ships to this country. The Norwegian authorities—a Left-wing Government with a General Election impending—may well have been embarrassed by this action; but the British Government could at least argue that its withdrawal of close-season regulations, though savouring of the method of diplomacy by the big stick, was logical if British whalers were to have time to train British seamen to replace the highly-skilled Norwegian personnel. The interjection of direct trade union action into international diplomatic negotiations is seldom productive of anything but bitterness and deadlock. It was learned with relief, therefore, on Wednesday, that the Norwegian workers had acceded to the request of their Government to raise the boycott. There is no reason why the resumed negotiations should not reach a conclusion satisfactory to both parties. After the equally regrettable fisheries dispute last year, it would be deplorable if an industry profitable to this country and vital to Norway should be jeopardised by hard-headedness on either side.

Increased Duty on Typewriters.—The return to pen and ink-pot has been encouraged by the latest decree of the Import Duties Advisory Committee, for the duty on new typewriters of a weight exceeding 22 lbs. (i.e. ordinary office machines) is to be raised from £3 10s. to £4 10s. from September 4th. The increase is quaintly deemed necessary by a rise in imports from about 50,000 machines in 1933 to 61,400 machines in 1935, when British manufacturers made only slight progress after a "healthy advance" in the previous year.

Sterling and International Prices.—Under the lead of cereals, specially wheat, primary products rose sharply in price during July and early August. But as frequently happens at this time of the year, when grain markets sway heavily under the influence of crop reports, the implications of the North American crop failure had been exaggerated. Hence, during the past fortnight, when markets took a calmer view, quotations for cereals suffered a setback, most marked in the United States. This corrective movement is responsible for the downward trend of our price indices of British and American primary products. The fall of the Irving Fisher index was less marked, for that index includes partly finished and finished articles, besides primary products. The index for Germany is also slightly lower than a fortnight ago. The complete British index, however, registered a slight rise owing to the advance of a number of commodities not included in the primary products index. The index for France continued its upward movement owing to the steady rise in the prices of domestic products. It is noteworthy that quotations for imported products, included in the index, are unchanged on the fortnight:—

SEPTEMBER 25, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistik Reichsamt
	British Complete Index (sterling)	Primary Products British (sterling) American (dollar)	Price of Gold (sterling)				
1932							
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5
1933							
July 28th	108.1	120.6	124.7	145.7	100.9	89.7	86.2
1934							
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2
1935							
Jan. 30th	110.8	124.6	152.4	167.2	118.3	79.1	85.6
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7
July 31st	112.7	126.7	148.2	165.6	120.2	75.9	98.2
Oct. 23rd	118.4	133.6	144.9	166.4	123.7	79.1	107.8
1936							
Jan. 1st	118.1	131.2	143.3	166.2	121.8	80.7	94.9
Jan. 29th	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 26th	117.4	132.8	145.0	166.0	120.7	82.2	95.2
Mar. 25th	117.4	133.9	144.3	165.8	119.6	85.2	95.3
Apr. 29th	117.3	132.8	143.2	165.8	119.2	85.0	95.3
May 27th	115.5	130.1	140.5	164.9	117.7	85.2	95.4
June 10th	115.7	130.6	141.1	163.3	119.3	85.4	95.7
June 24th	116.2	133.2	147.0	163.2	119.8	84.1	95.5
July 8th	116.9	135.4	155.2	163.6	121.5	85.4	95.7
July 22nd	118.7	140.4	157.2	163.4	120.6	86.6	95.7
Aug. 5th	119.8	142.4	160.8	163.1	122.2	88.8	96.2
Aug. 19th	119.4	141.9	163.2	162.7	121.9	88.8	96.1
Sept. 2nd	120.6	141.3	159.3	162.7	121.5*	89.0*	96.0*

* These figures relate to August 26th.

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

"ECONOMIST" INDEX
(1927 = 100)

	Sept. 18, 1931	Aug. 5, 1936	Aug. 19, 1936	Sept. 2, 1936
Cereals and meat	64.5	77.5	77.0	79.7
Other foods	62.2	60.9	61.1	61.5
Textiles	43.7	61.9	61.4	61.1
Minerals	67.4	82.3	82.2	82.6
Miscellaneous	65.8	77.4	77.2	77.5
Complete index ..	60.4	72.4	72.1	72.8
1913 = 100	83.1	99.6	99.2	100.2
1924 = 100	52.2	62.5	62.3	62.9

With the exception of the textiles group, all the sectional indices registered a slight rise. The cereals and meat index rose owing to a jump in the price of English barley and potatoes. Advances in quotations for tea and cheese were mainly responsible for the rise in the index of other foods. Higher prices for lead and tin pushed up the index for minerals, while the improvement in quotations for timber and rubber are marked in the rise of the index of miscellaneous materials.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

HIGHER FOOD PRICES AND RENTS

WHETHER it is a mere rationalisation of the recent reactionary behaviour of the stock market, or a question of the consequences of the drought and of the receding effects of the Soldiers' Bonus, the tone of business comment is somewhat less buoyant. Current business news is excellent—production is still at the best levels of the year, and the motor industry is effecting its transition to the 1937 models with remarkably little reduction of output. Yet, the fact remains that the retail price of food has risen steeply, and retailers predict that prices will go still higher; and the view is also unanimous that residential rentals are rising smartly. Obviously, there are two sides to this picture. The higher prices are to the producer no more than compensation for his reduced crops; but the consumer takes a different view.

It is difficult to fit American monetary statistics closely to the indices of production and distribution. The quantity of the circulating medium (deposits and currency) has been restored to the 1929 figure. But the velocity of bank deposits has continuously lagged; and while the debits to individual accounts have risen rather steadily since early 1933, they are far from the 1929 figures:—

DEBITS TO INDIVIDUAL ACCOUNTS (\$'000,000) 141 Cities				
	1929	1933	1935	1936
January	82,814	24,466	29,980	35,424
February	70,777	22,437	25,660	31,572
March	83,524	...	31,649	37,493
April	74,750	22,628	31,550	34,782
May	76,535	25,486	30,108	33,225
June	69,666	29,711	31,476	37,505
July	77,631	31,232	33,287	34,816
August	77,344	25,451	30,376	...
September	77,616	24,555	29,141	...
October	95,527	26,307	32,695	...
November	82,090	24,131	32,344	...
December	66,752	26,301	36,500	...

The Department of Commerce has released an estimate of the national "income produced" for 1935. This computation differs in method from others, and results in a slightly lower range of figures.

NATIONAL INCOME PRODUCED AND PAID OUT (\$'000,000)					
	1929	1932	1933	1934	1935
Income produced	81,034	39,545	41,742	48,397	52,959
Corporate savings	2,402	8,817	3,198	1,776	628
Business savings of individuals	979	2,451	402	563	815
Income paid out	78,632	48,362	44,940	50,174	53,587

From this tabulation, the dollar value of the income produced in 1932 was not quite half of that of 1929—a figure which shows more vividly than the usual indices the decline from boom to slump. The recovery in income produced from 1932 to 1935 exceeded 30 per cent., although the recovery in income paid out was only about 10 per cent. It is especially interesting to note that income paid out was actually lower in 1933 than in 1932.

The itemisation of income paid out is given as follows:—

INCOME PAID OUT (\$'000,000)					
	1929	1932	1933	1934	1935
Total income paid out	78,632	48,362	44,940	50,174	53,587
Total remuneration of employees	51,487	30,920	29,420	33,528	36,057
Total dividends and interest	11,218	7,980	6,969	7,211	7,303
Dividends	5,964	2,754	2,208	2,549	2,830
Interest	5,104	4,975	4,592	4,569	4,422
Entrepreneurial withdrawals	12,503	7,992	7,306	8,052	8,701
Net rents and royalties	3,424	1,470	1,245	1,382	1,526

Interest payments alone have thus shown no increase since the bottom of the depression. This is probably attributable to the refunding processes, initially on farm and urban mortgages, and more recently by corporate refundings in the market. The decline between 1929 and 1932 probably represented defaults. It will be remarked that entrepreneurial withdrawals have risen more than dividends, which in 1935 largely exceeded those of 1932, and in that year were less than half those of 1929.

Still another table reports the number of employees covered by the tabulation:—

NUMBER OF EMPLOYEES AND PER CAPITA INCOME					
	1929	1932	1933	1934	1935
All employees ('000)	34,485	25,308	25,358	27,325	28,094
Per capita income (\$)	1,466	1,178	1,097	1,143	1,201
Salaried employees* (\$)	2,560	2,125	2,028	2,019	2,080
Wage earners* (\$)	1,404	961	929	1,024	1,117

* Selected industries.

The comparatively small number of employees as compared with the "persons gainfully employed" of the Census is attributable to the omission of "entrepreneurs," estimated at about 10 million.

FINANCE COMPANIES AND CONSUMERS' CREDIT

The continuance of the cheap money policy is bearing heavily upon the small banks. This fact was illustrated vividly by the notice of voluntary liquidation of a Colorado bank. With \$2,000,000 of deposits, it had but \$99,000 of loans, and \$1,250,000 of cash and Government securities. Its earnings were so discouraging that it elected to liquidate. In other instances, small banks have given up their banking charters to become finance companies. The growth of the finance company is probably the major development in "commercial banking" in recent years. These companies operate under State licence, not bank charters, and nothing in the way of consolidated reports has ever been attempted. There are some half-dozen very large finance companies, but the small ones are numbered by thousands. The larger companies obtain funds from three sources (1) own capital, (2) debentures, (3) bank loans. The smaller ones, of course, are unable to issue debentures.

So far the record of losses is small, and of profits high; for although the overhead is greater than in banking, the rates of interest are never less than 6 per cent. and are commonly above 20 per cent. While a part of this consumer credit is found in the bank returns, in one form or another, the estimates of the totals run to unbelievable figures—but are only estimates. Altogether the finance company type of consumer credit has risen to a magnitude that compares with the "brokers' loans for the account of others" of the late '20's; and it is probable that a good deal of the money that formerly came into the stock market and was reported under that heading is now employed in other lending channels where it is no longer subject to any report.

The two-cent flat passenger railway fare that was imposed on June 1st has now been in operation for nearly three months. Whether because the fare itself has attracted travel, or because the time was opportune, passenger revenues have risen rather sharply. It will be remembered that passenger rates were not uniform before June. Many of the Southern and Western railways had experimented with fares under two cents for some time; but the Eastern lines were averaging three cents. While it is doubtful if passenger traffic is a source of profit in any section, the two cent fare experiment, over which the railways first protested, seems to have produced, or at least been followed by, consequences favourable to them.

NEW YORK, August 25.

FRANCE

FRICTION IN THE FRONT POPULAIRE?

RECENT political events have revealed a certain uneasiness among the three main groups of the Front Populaire: the Communists, the Socialists and the Radicals. The first trouble was provoked by the visit of Dr. Schacht. This took place twenty-four hours after the decision of Herr Hitler to increase the conscription period to two years, a coincidence which gave rise to a public exchange of letters between the Communist leader, M. Thorez, and the Socialist, M. Blum. M. Blum replied to the allegation that he had given too great honour to his visitor, and stated that he would neglect no effort which might lead to a general solution of European problems—a position which partisans of collective security cannot repudiate. The German conscription decree provided a new opportunity for the Communists to emphasise the need of unity among all Frenchmen. This attitude cannot well be criticised by Moderates or Conservatives, but the Radicals are asking what objective this sudden national zeal is to be directed towards.

Two days later the visit of the Polish Army chief, General Rydz-Smigly, was cheered by the Communists as the prelude to negotiations for the organisation of a Moscow-Warsaw-Paris front against Berlin. Newspapers of other parties showed greater circumspection, and asked if, after having received financial aid from Paris, Poland might not return to its flirtation with Germany.

Meanwhile, however, the Socialists are starting propaganda for a Parliamentary fusion of the Left parties—a fusion which has been already realised in the trade union field—and for a conquest of the State by the proletarian forces, designed to replace the capitalist economy by a collectivist one. But the Radicals are protesting against this conception of a class Government and against the "Union Sacrée" which is preached daily by the Communists. These controversies at present have no echo in the policy of the Government, which is relying on the profound desire of the public to remain attached to neutrality abroad and democratic traditions at home.

THE FARMERS AND WHEAT PRICES

It is evident, however, that the Radicals are being annoyed by the recurrence of strikes which are periodically provoked by the dismissal of a worker or by new claims for higher wages, though these are within limits justified by the rise in the cost of living. Recrimination is also being heard among the wheat farmers, who declare that the 140 francs fixed as the price of wheat by the new Office is lower than the price proposed by most of the farmers' delegates, and that the farmers have therefore been sacrificed to the interests of the cities.

The above price of wheat, however, represents an increase of 60 francs per quintal in comparison with the 1935 price, or an increase of 4,000 million francs in the purchasing power of the wheat farmers (on the assumption of a low crop of 65 million quintals). And if one adds to this figure the increase in farmers' income due to the revalorisation of other farm produce, the 10,000 million francs of increased wages, the increased salaries of civil servants due to the abrogation of the decree-laws, and the sums to be invested in public works, etc., one must admit that the Government has left nobody out in its effort to stimulate a recovery of business by increasing the purchasing power of the country. Indeed, the controversies within the Front Populaire will have little significance if prosperity follows the reflation policy.

The effect of the new purchasing power in raising real incomes will be in many cases reduced, if not annihilated, by the rise in prices. The prices of bread, milk and gas, for instance, have just been raised. That of bread, which is now 1.90 francs a kilo, against 1.60 francs a few weeks ago, will probably reach 2.25 francs, with the price of wheat at 140 francs. Nevertheless, the rise in retail prices and the cost of living has been slower than that of wholesale prices.

The yield of the turnover tax, for instance, was 3,536 million francs in the first seven months of 1936, against

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3,437 million francs in the same period of 1935. The difference is 100 million francs, or 3 per cent., whilst the rise in wholesale and retail prices between the same dates was respectively 17 per cent. and 10 per cent.; an apparent proof that the volume of internal transactions continued to fall. Similar unfavourable conclusions are suggested by the evolution of the import surplus, which is increasing at the rate of 10,000 million francs a year against 5,000 million francs in 1935. Moreover, unemployment is 30,000 higher than at the same period of 1935, in spite of the repatriation of 150,000 to 200,000 foreign workers during the year.

The *Revue d'Economie Politique* estimates the French balance of payments in 1935 as follows:—

	Credit (Fr. 000's omitted)	Debit
Foreign Trade:—		
With foreign countries	...	5,000
With Colonies	...	1,000
Shipping	1,300	...
Insurance	100	...
Transit	200	...
Foreign workers' remittances	...	750
Tourist	750	...
Interests	4,000	...
	6,350	6,750
Capital Imports	...	1,750
Gold Exports	...	15,000
Invisible Exports	16,350	...

This table shows that the gold efflux in 1935, which reduced the gold stock of the Bank of France from 82,100 million francs to 66,300 million francs, was not the result of a deficit on current account, but was almost entirely due to flights of capital.

PARIS, September 2.

GERMANY

DR. SCHACHT'S VISIT TO PARIS

AFTER its very heavy fall the security market recovered early last week, only to suffer, however, a new collapse on the announcement of an increase in the corporation tax. Nevertheless, business sentiment somewhat improved. The propaganda campaign against Russia, it was noted, had subsided to normal violence, and the announcement of two years' military service had seemed to clear the air, the more so because this event was treated as less sensational abroad than at home. Of Dr. Schacht's visit to Paris, which also may have made for tranquillity, nothing official has been said. Paris newspaper reports of Dr. Schacht's utterances to French statesmen mostly merely reflect his familiar opinions, and seem to derive more from general knowledge than any leakages of information. It is inevitable that in general political conversations Dr. Schacht should have mentioned his favourite subject, colonies, and have discussed Franco-German trade relations and international currency. But it is not believed that any particular form of currency adjustment or "alignment," as it was called, was discussed.

Mark devaluation, which is apparently the "alignment" conceived in the newspaper mind, could not be put through without revolutionary changes in all branches of public and private economy. The story that Dr. Schacht made the abandonment by France of her Russian association a

condition of appeasement implies an ignorance in him of the main political factors of Europe which nobody has so far imputed to him. There are, indeed, reasons for thinking that Dr. Schacht regards the Moscow-Berlin propaganda war as an unnecessary nuisance. The only Press organ that has ventured to suggest that relations with Russia should be treated like relations with France—in the sense of at least trying to improve them—was the journal through which Dr. Schacht habitually conveys his views.

The agreement against non-intervention in Spain has not improved Berlin's attitude towards Paris. New dangers necessarily involved in this agreement to remove old dangers, have arisen. France is daily accused by the Berlin Press of systematically violating her pledges by delivering arms to Madrid. By this means Germany can construct a direct grievance against France which she had not before. The counter-accusations against Germany and Italy are not mentioned here.

The increase in the corporation tax made a considerable stir. This tax is levied on the net profits of share companies (*Aktiengesellschaften*), which are limited liability companies in the English sense, and of limited liability companies so-called here (*Gesellschaften m.b.H.*). Nearly all the great industrial, shipping and banking concerns are organised in the first form; a great many less important concerns in the second. The tax is really a company income tax, but payment of it by the company does not exempt the dividend drawer paying a second time as a part of his personal income tax. *Kommandit*—companies composed in part of partners with full liability for debts, in part of shareholders with limited liability—escape the corporation tax, being in the same position in this respect as individual business men. But they pay full income tax. Up till now the corporation tax has been a uniform 20 per cent. By the new law the rate is raised to 30 per cent., though for the current financial year to only 25 per cent. The collapse of share quotations expressed the investor's fear of still further anti-capitalistic measures.

RENEWED FOOD SHORTAGE

The cost-of-living index for August was 125.4, against 125.3 for July. The index of food prices has risen. Moreover, a serious shortage of meat again prevails. The number of pigs, it is officially explained, is 9 per cent. higher than a year ago; but in consequence of the exclusion of foreign fodder and of delay in harvesting at home, there is a shortage of slaughtered pigs. Beef has also been short. The consumption of meat in July was 11 per cent. lower than in July, 1935. The production of sausages has been curtailed, and the population is advised to eat more fish. A main cause of the meat shortage is the enforcement of price ratios which favour the production of fat. Owing to the failure of crops to reach the official estimate of the early summer measures are to be taken to check the consumption of cereals for feeding livestock. The carry-over of wheat, rye, oats and barley from the crops year 1935-36 was only 1,717,000 tons, against the 3,442,000 tons of a year ago.

The number of manual, clerical and technical employees required to take out work-books by September 1st is put at 21,600,000. The official and party Press is much concerned with the shortage of labour, in particular in the building and in certain mechanical trades. The construction of barracks is thereby retarded. Wages in building have risen much, though irregularly, owing to the enticement of workmen from one job to another. This is contrary to Government policy, which is to keep wages low and unchanged; but there is much discontent among workmen, who complain that they alone are not to profit from the forced industrial boom. It is officially held that, as the labour shortage has arisen mainly in trades which owe their activity to public orders, the authorities must establish priorities in the order of fulfilment of contracts, so that urgent works are executed in time and labour prevented from taking advantage of the State's needs. The journal of the Rhine-Main Chamber of Commerce complains of "unscrupulous enticement of labour and the irresponsible abandonment of work," and affirms that the economic existence of industry is threatened. It is not possible to draw labour from the present 1,200,000 unemployed; for except in agriculture the shortage is confined to certain skilled and specialised trades.

In July 71.1 per cent. of all industrial working places were occupied, as against 70.4 per cent. in June. The highest percentages, in each case 89.5, were in the iron and steel and motor-car branches. Industry in Rhenish-Westphalia is recovering, in spite of the iron and steel activity, less rapidly than elsewhere.

Money last week was very tight, and the month-end demand was abnormally heavy. Day loans opened this week at the high rate of $3\frac{1}{2}$ - $3\frac{3}{4}$ per cent. Only 86 per cent. of the Reichsbank's July-end credits had been repaid by August 23rd.

BERLIN, September 1.

SPAIN

CATALONIA'S SUPPORT FOR THE GOVERNMENT

WHILE the Catalan Generalitat, in collaboration with the proletarian organisations of which the Anarcho-Syndicalists form a predominating section, is performing an important service for Spain by defending it against the military rebellion, it is at the same time engaged in setting up its own "new state" by attributing to itself powers far beyond those conceded by the autonomy statute. The emergency once ended, Catalonia will be in the strongest possible position for demanding that Madrid recognise the accomplished fact of the Catalan Federal State. Similarly, there are signs that the Catalan Government is harmonising its old differences with the Anarcho-Syndicalists and the other proletarian organisations, which have been organising their columns of anti-Fascist Militia and sending them to the Aragon and other fronts in thousands. And if victory crown their efforts, they will demand recognition of proletarian claims in the future social and political system of this region. Already most industries and public utilities have been "penetrated" or "expropriated" by the workers and are in charge of workers' committees. Questions of the form and degree of collective ownership, not only of industry but of land, are now in the hands of a council of economy.

Spain's historic Catalan problem would seem to be in course of solution by an unexpected process, and perhaps according to an unforeseen formula: that of civil war. In the past, Catalonia has generally found itself at the sword's point with its traditional enemy, the Spanish Government at Madrid. But recently the picture has changed. For five years since the proclamation of the Spanish Republic, Catalonia has kept faith with that Republic and defended it, returning Republican majorities in years when Republican faith elsewhere in Spain seemed wavering. The so-called Catalan "rebellion" of 1934 was a rising against a Right Government which, hating the Republic, was openly engaged in destroying it and wrecking all hopes of Catalan autonomy. This was made clear in the manifesto of Don Luis Companys, the Catalan President, on the fateful night of October 6, 1934, when he proclaimed "the Catalan State within the Spanish Federal Republic." It was a Federal, and not a rebellious, movement. It was Catalonia's attempt to seize an opportune moment for enlarging her powers of self-government. But it was not separatism.

Catalonia is Spain's most intensively industrialised region; but it is an industrialism superimposed on an essentially agricultural territory. Trade with the American colonies first procured the establishment of textile and other manufactures in a region almost devoid of the necessary raw materials. The textile industry, in particular, depends upon the importation of cotton and silk in great quantities, while other industries require iron and coal. Should these supplies be cut off or diminished the situation would be serious. Catalonia is either at, or near, the top of the list in the national production of wines, olive oils and fruits. Spain is the principal market for all these products, but its buying power has in the past been low. With a managed economy, in which the buying power of the worker were taken into account, Catalan, and indeed all Spanish, production could be enormously increased. The fact that, in the past, Catalonia has been

able to export her surpluses, both in manufactures and agricultural products, has kept prices at a reasonable level. Should foreign markets be appreciably curtailed by present events, the repercussions on the Catalan economy would be serious.

One of the by-products of recent political developments has been the complete discrediting of the *Lliga Catalana*, formerly the *Lliga Regionalista*, founded thirty-five years ago by Francesco Cambo as the first of the Catalan nationalist parties. There was a period when it performed valiant service for Catalan nationalism; but in more recent years it became distinctly a party of the Right, defending propertied interests, compounding with the monarchy, the dictatorship, and with the more recent Right Government, which was openly engaged in wrecking regional rule.

The famous Catalan Land Contracts Law, the annulment of which at the behest of the *Lliga* provoked defiance of the Madrid Government on the part of the Catalan Parliament was predicated on an essential difference between Catalonia's land problem and that of the rest of Spain. In Catalonia there were no great land holdings, or *latifundios*, but relatively small holdings, constituting the traditional patrimonies of innumerable families. Most of this land, however, was subdivided and worked by peasants on the "share system." The law provided that at the end of eighteen years of continuous cultivation a peasant had the right to acquire by purchase as much of the land as he needed for himself and his family. It insisted on the principle of individual ownership in contrast to the Socialistic collective plan. By its creation of small patrimonies it necessarily broke up the larger holdings.

BARCELONA, September 1.

BELGIUM

THE INCREASE IN WAGES

It is now possible to appreciate more closely the situation resulting from the social troubles in June. These troubles had an essentially psychological cause, i.e. contagion from France, where the economic situation was quite different. In Belgium the general opinion was that at this stage a wage increase was possible, thanks to the revival following devaluation. But it had been thought better to wait a little before granting any increase.

A provisional estimate suggests that Belgian wages have risen about 10 per cent. in the last two months, including the extra charge for paid holidays. In certain industries, such as coal, the increase was larger; and the miners now receive about 12 per cent. more than before. In other industries a rise of 7 or 8 per cent. was granted.

What has been the influence of this rise of costs on the price level? The cost of living has risen very little. Internal coal prices have increased about 8 francs (1s. 1d.) per ton. This outweighs the rise in wages; but it has not been possible to increase export prices. The Steel Cartel, however, has increased export prices. In several consumers' industries the problem of increased costs has not been solved so easily as in the heavy industries. In the textile industry, for instance, adjustment is difficult; for prices cannot easily be raised. Other industries selling in the home market are trying to raise prices, and a rise of 5 per cent., but not more, is common.

Heavy industry, in fact, is now doing well, after having been long depressed. Consumers' industries are in a less strong situation, and in some cases partial unemployment has reappeared. Railway traffic, however, is better than last year, thanks to the activity in the mining and iron and steel industries. Some slackening is apparent in the building industry, which was extremely active until lately. The cause of this is probably a temporary saturation of the real estate market. But there is still considerable need for modern dwellings in Belgium, and the reduction of interest rates and abundance on the capital market are tending to re-animate the real estate market.

Throughout the summer the fall in interest rates has been continuing, and the public has been searching for outlets for its savings. Unified 4 per cent. Government securities,

issued on the conversion in 1935, have advanced from 93 to par, although the Redemption Fund had sold the Government securities which it was compelled to buy in order to check the fall in the summer of 1935. The demand for Government securities is due partly to the activity of the Belgian banks, which can no longer invest in industries, and partly to the influence of foreign capital, mainly from France. Capital exports from France, which slackened two months ago, were again felt strongly in August.

NEW INTERNAL GOVERNMENT LOAN

Availing itself of the favourable market, the Government has decided to issue a new 4 per cent. internal loan, which will be sold on the Stock Exchange as the demand arises, without any publicity. This method has already been used several times in Belgium. The Government will issue in this way 1,000 million francs of securities at or about par. It is stated that this loan will not be used to finance ordinary expenditure. The Government wants to avoid further depletion of the "gold profit" due to the revaluation of the National Bank's gold reserve. After the devaluation the Government was credited with an amount of 4,300 million francs of gold ingots. At the time of the General Election in May, 1936, this total was intact, except for what had been used to repay foreign loans. During recent months, however, the reserve has probably been used for the financing of public works; and the new loan will replenish it.

The general financial situation of Belgium is good. The economic position, though not as brilliant as one would like it to be, is still improving. The chief danger is the possible social agitation which might arise out of the situation in France. The forty-hour week Bill passed by Parliament may cause difficulties. The Government has stated that the change in hours does not necessarily imply an increase in hourly wages; and the reduction of the working day may therefore mean a curtailment of weekly wages. It is hoped that the Government will succeed in resolving the difficulty, and M. van Zeeland has already achieved so much success that one is entitled to grant him one's confidence.

LOUVAIN, September 1.

TURKEY

WOOL FOR JAPAN

It looks as if Japan's decision not to buy Australian staples will favour Turkish exports to Japan, and a suggestion to submit offers in Turkish wool has already reached Turkish exporters. The latter are hopeful of overcoming certain difficulties and of having Turkish wool accepted by Japanese spinners. The consequences of the drought which has affected the United States and several other countries are expected to offer a further opportunity of increasing Turkish sales to Japan. Cotton, it is believed, may be in demand, and there is also some hope of exporting wheat to Japan.

The trade agreement in force between Turkey and Japan is based upon a barter system, under which the exporter of Turkish goods has the right to import Japanese goods of the same f.o.b. value. In practice, he sells this right to the importer of Japanese goods at a price which is now about seventy per cent. of the invoiced f.o.b. Turkish port value. At first sight, it might appear that, favoured by such a rate, the Turkish exporter would have little difficulty in selling Turkish staples to Japan. In fact, however, he labours under several disabilities, such as high Turkish prices, the distance, and also the absence of standardised qualities, a situation which is best illustrated by the high rate of the

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premium itself. This limits the influx of Japanese goods to articles like printed cotton textiles, celluloid products, and shell buttons which can stand that handicap.

In general, there are two factors which make Turkish prices high. One, and the more striking, is foreign buying of Turkish staples at prices above the world level. The fact that, of all European countries, Germany has the best working clearing account with Turkey, enables her to export German goods to Turkey on an artificial price scale, the average of which is above world level, and in return to buy Turkish products at prices that normally could hardly be obtained. Italy did about the same thing at the beginning of the Abyssinian War. Likewise, countries with frozen claims buy Turkish products at a loss. So do the Skoda Works through their subsidiary the Omnipol, and also the Ottoman Debt Administration. So do the French creditors, who, for example, buy mohair in Turkey, clear it in France, and resell it at Bradford at a price which means a substantial loss, but allows them to get the balance out of Turkey. On the very same system are based all the different private compensation operations which enable Turkish merchants to import a wider range of goods.

The other cause of high Turkish prices, of course, is in the country itself, where heavy taxes contribute to make the cost of living dear. For some time past, the Government have been active in devising means for the reduction of prices. They started by substantially reducing all fares on the State Railways, a measure which not only has benefited the national economy, but has also made the State Railways a better paying enterprise. So they continued, reducing the prices of salt, which is produced by a State monopoly, and particularly that of sugar. The cut was about one-third, and a further reduction is now anticipated for next year. The same method has been applied to other State industries, and recent laws authorise the Government to fix minimum selling prices for certain largely distributed articles of national manufacture, such as cotton yarns and nails, and also to fix a maximum margin of profit for manufacturers along with the right to make suggestions for the reduction of their overhead charges.

ISTANBUL, August 25.

LETTERS TO THE EDITOR

LEADERSHIP AND PUBLIC OPINION

TO THE EDITOR OF THE ECONOMIST

SIR,—In the leading article of the *Economist* of August 29th you draw attention to a matter of great public concern in discussing why "The Fascist Powers are advancing in the foreign field and the two remaining democratic Great Powers of Europe . . . are so passive as to give the impression that they are in retreat." When you ask "What miracles have Herr Hitler and Signor Mussolini wrought to secure their present initiative in European affairs?" there will be a general agreement with your answer. Something "has happened to that John Bullish quality of determination . . . dogged courage . . . wilfulness . . . or even brutality," and Mussolini can easily be credited with the reputed reply to his Admirals, "I can positively assure you that the British are never going to fight."

This loss of British courage and prestige you then suggest is above all a question of "leadership." It is not my purpose here to defend Mr Baldwin and his Conservative colleagues. I do, however, question whether we want our Premier to be a dashing "Führer," and suggest that Britain's ineffective foreign policy is due to causes other than deficient "leadership," especially if this is construed in its narrow political sense.

In the first place, whatever our views of Dictatorships, it must be admitted that they start with an automatic advantage in international affairs where, alas, capacity to bluff and to bully is of immense value. The Dictator with all sources of public information and propaganda under his control can distort the actions of other countries, suppress domestic or foreign criticism, and can count on nation-wide solidarity, discipline and enthusiasm. At a stroke of the pen he can mobilise all the resources in man-power and wealth of his country; Mussolini has just boasted that, *signo dato*, eight millions will leap to their allotted posts. Dictatorships thus inevitably have a great initial advantage over more democratically organised opponents even when in all earnestness they are feeling their way to a Collective System.

This capacity of the Authoritarian State for aggression is nothing new in our history; we had the same handicap to overcome in opposing Philip II., Louis XIV. and Napoleon; we should, however, I think, be foolish to underestimate it and unwise if we failed to ask ourselves whether we are in a position to meet it.

This leads me to my second point. If our leaders decide to stand up to the Dictators, what support are they likely to receive if, as is probable, the nation finds itself on the brink of war? Will they be able to face such a catastrophe with the knowledge that they have a nation behind them as unanimous as it was in 1914, and that they can mobilise resources adequate to our commitments? Or will they have to execute a disgraceful climb-down reminiscent of Palmerston and Denmark? Unless we are quite clear that there is no chance of the second alternative, then public opinion must take its share of responsibility for our failure to oppose the Dictators.

Since 1918 the British public has been subjected to an intense and continuous propaganda on behalf of various schemes for preventing war. While all have been unimpeachable in their ideal, the immediate result of some has been an embarrassment when confronted with our League obligations. In general it may be said that the martial qualities a nation must possess if it is to contemplate a "collective," or any other form, of war, have had scant encouragement from Left-wing circles.

Public opinion on this question has, it is true, shown a distinct change of attitude recently; the Labour Party Executive now, for example, takes a much more realistic view of Sanctions than it did at one time. But before we can expect our leaders to follow a really courageous line, there is much more to be done in this direction by those outside Government circles. It is to be hoped, therefore, your proposal that "the situation in Europe is now grave enough to warrant consultations between representatives of all Parties in Great Britain" will be taken up.

Yours truly,

Birmingham.

L. J. CADBURY.

DEATH ON THE ROADS

TO THE EDITOR OF THE ECONOMIST

SIR,—Your review of the Ministry of Transport Report on Fatal Accidents (not an annual report as you state) seems to be incomplete to the extent of analysing only such features of it as might lead to a predetermined conclusion. The complete segregation of different classes of road-users would, if practicable, obviously reduce accidents by preventing the motor-vehicles, which are involved in 90 per cent. of fatal accidents, from causing deaths other than among their own drivers and passengers. Even so, last year 127 pedestrians were killed on footpaths or refuges.

The number of motor-vehicles in Great Britain last year was 2,000,000, of which 5,310 were involved in fatal accidents; the number of pedal-cycles is estimated at 10,000,000, of which 1,746 were similarly involved. A further 5,310 motor-vehicles (excluding motor-cycles) were involved in fatal accidents, but only 248 drivers were killed; 1,746 pedal-cycles were involved, but 1,376 cyclists were killed. These figures speak for themselves. One-third of the fatal accidents are blamed on drivers of motor-vehicles, although the driver was able to defend himself. As you very properly point out, the majority of pedal-cyclists and pedestrians involved had no opportunity of defending themselves or of accusing the other party; so that the attribution of accidents to the victims is unreliable in the extreme. The heavy proportion of children and old people in the pedestrian victim class shows that, even if the victims "caused" the accidents, they can hardly be blamed for them, and suggests that far greater care is necessary on the part of the driver of the vehicle concerned.

Where practicable, special roads from which all other traffic is excluded might be built for the most dangerous vehicle, but it is not logical to prevent the victims of accidents from using their own highways. As a correspondent in *The Times* last Thursday replied to Lord Radnor, whom you quote, if the motorists were given an option not between "a grievance and the grave" but only between conversion and a prison, life might be happier for the majority of us.

If complete segregation by the building of motor speed-roads is not possible, is partial segregation by removing non-motorists on to special tracks the best method of eliminating accidents? (Incidentally, very detailed reasons for the "peculiar resentment" of cyclists to cycle-tracks can be obtained from either of the national cycling associations.) But 60.1 per cent. of pedestrians killed were crossing the carriageway—and over half of these were 60 or over; and building footpaths will not reduce this figure. Moreover, 39 per cent. of the fatal accidents involving cyclists occurred at road junctions (cycle paths would obviously tend to increase accidents at points where cycles were unavoidably driven into the motor stream—unless we are to adopt the fantastic type of crossroads recently illustrated by the Cement Marketing Association). Again, 62.3 per cent. of all accidents were in built-up areas, where pedestrians are already segregated and where cycle-paths are impossible. Partial segregation would still leave untouched the bulk of the road accident problem. Finally, 62 per cent. of accidents occur on straight roads or open bends with good visibility; and 79 per cent. in clear weather. These figures tend to indicate that speed is a more important factor in causing accidents than is assumed in the Report.

The most important single contribution to the solution of the problem must surely be to oblige all road users under pain of severe penalties to behave in such a way as not to endanger the lives of their fellow travellers. The appropriate punishment of anti-social road behaviour, coupled with the provision of more roads where traffic is densest (not necessarily speedways), would have more effect than mere attempts at segregation.

Yours faithfully,

London, N.W.3.

G. A. HASKINS.

BOOKS AND PUBLICATIONS

POLAND AS A MARKET

FOR American and British students of world affairs economic developments in Poland have been obscured by the political. The recent publication by the Department of Overseas Trade of an official Report* by Mr C. B. Jerram, Commercial Secretary in Warsaw, is therefore a timely reminder that Poland in an economic sense, no less than in a political, is an important element in the European scheme of things—and especially for Great Britain. Thirty-four million people on the Continent of Europe with the friendliest feeling towards Great Britain, which at the same time is their principal export outlet, constitute a market—even if it is still of greater potential than actual value—that is at least worth careful observation and study. The Report is also timely in that the period covered (March, 1935, to March, 1936) brought to an end the painful effort of Poland to adjust her financial and economic structure to a currency which, by March of this year, had become greatly over-valued. No other "gold bloc" country went anything like as far as Poland with its programme of deflation.

The value of Mr Jerram's Report, and the helpful information which it contains about the Polish market, has not been lessened by the introduction (in April, 1936) of *devisen* restrictions and the subsequent measures which have been adopted to protect what is left of the gold reserve. These measures, in any case, affect Great Britain less than any other important country because Poland still has a substantial export surplus to Great Britain. Although the decline in this export surplus from 105.7 million zloty in 1934 to 64.7 million zloty in 1935 was mainly responsible for the *devisen* restrictions applied this year, the present balance is surplus enough to cover Poland's "invisible" payments to Great Britain. It is not nearly sufficient, however, to offset the import surplus with the British Empire as a whole. As the food products which constitute the major part of Polish exports to Great Britain are steadily being brought up to the exacting demands of the British breakfast table, and as the general organisation of the export trade in all agricultural products receives constant attention, it is reasonable to expect that shipments will continue to grow, and that the sterling derived therefrom will be used for buying British goods—which, Mr Jerram states, "have never been so popular in Poland as they are to-day." It is fortunate that during the present difficult period of adjustment to a "managed" foreign trade, British commercial interests in Poland—from the official side—are being handled with complete understanding of prevailing difficulties—which Mr Jerram rightly hopes are only temporary—and with justifiable confidence in Poland's commercial integrity.

The Report considers the three outstanding features in the Polish economic situation to be: (a) The operation of the Anglo-Polish Trade Agreement, which came into force on March 14, 1935, and which was concluded only after a very thorough survey of the Polish market; (b) a commercial treaty with Germany, which came into effect on November 20, 1935, and the first between the two countries which provided for reciprocal most-favoured-nation treatment; and (c) the financial and budgetary situation.

The commercial treaty with Germany contemplated a merchandise exchange, on a strict "compensation" basis, totalling 170 million zloty a year on both sides. This figure, had it been reached, would have made Germany the principal factor in Poland's foreign trade. It has not yet been achieved, however, partly because of the many difficulties encountered in setting up the "clearing" arrangements, but mainly because there is still a great deal of "consumer resistance" in Poland to imports from Germany. This derives not only from political reasons and the active opposition of most of Poland's 3,500,000 Jews, but also from a feeling that German manufacturers—except in a few specialised machinery and chemical lines which have always been obtained from Germany—are not

able to-day to compete successfully with British and American. "Compensation" trade, moreover, is always at a disadvantage with "free" markets.

The Report presents a useful summary of the main Polish industries; "Hints to Commercial Visitors"; and statistical appendices relating to foreign trade and industrial production. It deals only incidentally, however, with a problem of vital importance for the economic future of Poland—namely, the increasing participation of the State in commerce and industry. It has recently been stated that more than 1,500 commercial and industrial concerns are now State-owned or controlled. There were good reasons during the disorder of the early post-war years for the State to "start things moving," and the salt mines, armament industry, railways and tobacco monopoly are even to-day legitimate Government undertakings. But State ownership or control has gone far beyond the early post-war stage, and there is now no important branch of industry—from the manufacture of typewriters to the operation of ships—in which the Government has not a direct participation. Entire industries, in fact, are rapidly becoming Government monopolies. The depression of the last six years has accelerated this trend. Many important industrial units have passed under Government control through the operations of "Court supervision," so that mills could be kept running and unemployment avoided. Poland will soon have to decide whether she is going to remain a capitalist State, and, if the decision is affirmative, to act ruthlessly. The prevailing tendency of indecision and drift may lead to State Socialism.

SHORTER NOTICE

"The Framework of the Pricing System." By E. H. Phelps Brown. Chapman & Hall. 221 pages. 10s. 6d.

This interesting exposition of the central problems of economic theory follows the traditional scheme of supply and demand, and shows in detail how a determinate system of prices may be deduced from a principle of "marginal productivity" on the one hand for supply, and from the principle of "marginal substitution" on the part of the consumer. This is not a new discovery; but the treatment of it is original both for its careful examples, and for the painstaking caution with which Mr Phelps Brown proceeds.

First, he describes the forces of the consumers' market in isolation, then the "producers' market"—where entrepreneurs are engaged in hiring the factors of production. He examines these with arithmetical examples, assigning arbitrary values in each case for total returns and amounts of the commodities produced. In a final synthesis he discards this part of the necessary assumptions, and introduces the "whole model set up," with the conditions that receipts of entrepreneurs are no longer arbitrary since they are to equate their outgoings, while "amounts of commodity produced" have to equate "amounts bought." Granted these conditions the forces of the markets can be shown to determine the rewards of the factors of production as well as prices, a neat rendering of the classical teaching on distribution.

For those with sufficient patience to follow a few numerical examples this book should once for all clarify this central point of theoretical economics. Mr Phelps Brown has thus rendered a useful service to every student of this subject.

BOOKS RECEIVED

Economists and the Public. By W. H. Hutt. (London) Jonathan Cape. 377 pp. 15s. net.

Justice in a Depressed Area. By Charles Muir. (London) Allen & Unwin. 216 pages. 6s. net.

Hold Your Tongue! Adventures in Libel and Slander. By M. L. Ernest and A. Lindey. Introduction by A. P. Herbert. (London) Methuen & Co., Ltd. 312 pages. 8s. 6d. net.

Does the Consumer Always Pay? A Correspondence between an "Old-Fashioned Economist" and Dr. Cloudesley Brereton. (North Walsham) Leeder and Son. 11 pages. 6d.

Dr. Brereton here argues that normally the "foreigner pays" an import duty, and "Old-fashioned Economist" maintains that he does not. Dr. Brereton's argument is mainly based on appeals to the exceptional case where the importing country is a monopoly buyer.

* "Economic Conditions in Poland, March, 1936." Report by C. B. Jerram, Commercial Secretary to His Majesty's Embassy at Warsaw. Department of Overseas Trade. 42 pages. 1s. net.

MONEY AND BANKING

POUND, DOLLAR AND FRANC

At this season of the year foreign exchange dealers normally expect a heavy seasonal demand for dollars, required to pay for imports from America of the new crop of wheat, cotton, tobacco and other primary commodities. In the days when Britain was on the gold standard this seasonal demand frequently resulted in a pronounced weakening of the pound against the dollar, and in some years gold was shipped to America. Recently, however, several factors have combined to change the situation. In the first place, during the depression stocks of raw materials accumulated in the United States and purchases tended to be spread more evenly over each year. The seasonal demand persisted, however, though on a smaller scale, since importers were inclined to wait for a possible weakening of prices when the new crops came on the market before replenishing their stocks. Recently surplus stocks in the United States have been reduced to more normal levels, but another factor has emerged. For three years running the American wheat and maize crops have been affected by drought. This year the damage is so great that it is expected that the United States instead of exporting will be importing wheat, either from Canada or from the countries in the Southern Hemisphere which have a later crop. It would appear that the cotton and tobacco crops have not been seriously affected, but neither is expected to be above normal. Offsetting this decline in American exports is the boom in American exports of automobiles.

These seasonal movements, however, have in recent years had little noticeable effect on the exchange rates. If other things had been equal, some seasonal weakening of the pound between August and November would have been predictable. But in so complicated and sensitive an organisation as the foreign exchange market other things never are equal. A seasonal movement, however large, can always be nullified by a contrary capital movement, and it is in fact largely capital movements that have controlled the exchanges in recent years. For example, in the autumn of 1934 the American exchange, instead of strengthening, still reflected the uncertainties attendant on the United States Government's silver-buying policy, launched in that year. A year later New York was a haven for panic funds fleeing as far as possible from the storm centre of the Italo-Abyssinian war, and the exchange reacted accordingly. This year the centre of uncertainty is Paris. Though the phase of active "flight" has been arrested, nothing has occurred to restore confidence in the outlook for the franc, and the exchanges remain in a state of suspended animation.

As things stand at present the dollar-franc cross-rate is locked at the upper limit of Frs. 15.19 to the dollar, the gold export point. The pound is theoretically free to vary. But any substantial weakening of sterling would result in arbitrage operations tending to force the Paris-London rate up, and, consequently, no appreciation of the franc is practically possible in present circumstances. The pound, in fact, has remained for some time at about \$5.03 and Frs. 76 $\frac{1}{2}$, and, as far as can be ascertained, it has not needed the intervention of the Exchange Equalisation Account to keep it steady at this level. The governing rate is the franc-dollar rate, and as long as gold is allowed to be exported from France this rate is absolutely rigid within narrow limits. In theory gold could flow equally readily to London and to New York. In fact, it has not done so. Whether or not the British Exchange Equalisation Account, for quasi-political reasons, has regarded a movement to New York as preferable to further acquisitions on its own account is, indeed, a matter of secondary importance. Most observers would probably regard the amount of gold already earmarked for the Account at the Banque de France as more than ample, and further operations as neither necessary nor desirable.

The outward flow of gold from France, though not approaching panic proportions, remains steady at about

£500,000 a day. This figure is made up of various elements. In part it is due to the fact that the exchange is at gold-export point, and shipments of gold occur as a matter of course. The outflow is, however, meeting in large part our own seasonal purchases of raw materials from the United States. The position may be readily explained. The English importer, say of automobiles, asks his foreign exchange dealer for the requisite amount of dollars. The dealer buys them in the market from a French dealer, or someone in close touch with the French market, who ships gold from Paris to New York in payment. Thus, instead of gold flowing from this country and weakening the exchange, the gold flows from France. The French drain of gold is, in fact, the pound's protection against the seasonal demand for dollars.

The unfavourable "visible" balance of French trade with the United States (which amounted to Frs. 780 millions for the first six months of the year, and shows signs of increasing) can only in itself account for a comparatively small proportion of the gold flow. There is, however, a growing practice among French exporters of leaving the money with which they are remunerated in its country of origin. This feature finds no reflection in the trade returns, which show merely the values of goods exported and imported. The policy, naturally, is one for the trader of substance rather than the shipper with modest resources, who relies on the return from one operation for the financing of the next. In this connection, however, the official monetary policy of the French Government has a special relevance. Since the advent of M. Blum's Government interest rates have been sensibly reduced and a policy of cheap money has been embarked upon, with a view to stimulating trade. An unforeseen result has been the giving of an additional inducement to exporters to leave funds abroad and borrow at cheap rates in the home market. It is estimated that, at present, as much as 10 per cent. of the total exports are not being repatriated. Calculated on the basis of the July trade returns, capital is leaving France in this manner at the rate of over Frs. 100 millions a month. The total of French funds already outside France has been estimated at £300 millions.

How long can these gold losses be sustained? Under present conditions, it seems certain that the outflow of capital will continue. The measures taken by the Government, including legal threats to those who do not declare their foreign holdings, and requests to the banks to disclose clients' holdings abroad, have resulted in only a small return of capital and have not changed the direction of the main stream. In spite of the Government's declarations against devaluation, the mass of French business men are imbued with a widespread fear of this and other more direct measures, such as a capital levy. The Spanish rebellion has served both to heighten international tension and to strengthen the Government in its stand against the parties and policies of the Right. Whatever the outcome of the Spanish rebellion, it is expected to have significant political repercussions in France.

On the other hand, the raising of production costs in French industry by the various laws passed by the Government authorising wage increases, paid holidays and the 40-hour week, has brought the issue of devaluation nearer. The reported modification in opinion among certain members of the Communist Party in favour of devaluation is significant, as it produces much greater unity in the Government over monetary policy. But until M. Blum feels he is in a position to devalue the franc without surrendering all his prestige to his opponents of the Right, the present situation is bound to continue. Only devaluation of the franc or some other major disturbance can shake the present stability of the dollar-franc relationship, and until this happens the pound seems likely to remain strong at its present level.

FINANCIAL NOTES

The London Exchange Market.—The Market in foreign exchange is composed of the foreign exchange departments of the "Big Five" and the remaining clearing banks, of merchant bankers, of Dominion and foreign banks' London offices, and of various smaller exchange dealers. Since the abandonment of the gold standard by this country in September, 1931, the creation of the Exchange Equalisation Account, and the embargo on foreign lending administered by the Bank and the Treasury "in consultation with" the Foreign Transactions Advisory Committee, it has become desirable in the eyes of the authorities to be able to count on complete control of the foreign exchange market, both for the volume of transactions in the different currencies and for movements in the rates at which they take place. Hitherto there has been in existence—though not in vitality—an informal and only partial Foreign Exchange Committee drawn from the clearing banks and a few others, but not from the bulk of the Dominion and foreign banks. Its decisions have taken the form of recommendations. Now that control by "the authorities" is rapidly being extended over Treasury bill rates, the gilt-edged market and foreign capital transactions, it is not surprising that the same authorities should seek to render the Foreign Exchange Committee comprehensive, and thus to ensure that it receives sufficient influence to make its decisions effective in the foreign exchange market as a whole. Apparently it is now proposed to give the clearing banks, private houses and Dominion and foreign banks representation on a reconstituted committee, and to appoint an impartial chairman—whose impartiality, we may presume, will only be exercised among the interests represented on the committee and not *vis-à-vis* "the authorities" themselves. This latest extension of informal, but effective, control of the City's markets by the Treasury and the Bank comes at a time when the future of the major currencies is problematical, when the Exchange Account is apparently bulging with gold, and when this country's budgetary and foreign trading prospects might indicate a weakening of sterling some time ahead. It is by now quite clear that the Treasury and Bank between them mean to hold all the financial aces in their hands, and to play them, in case of need, against the individual interests of British or foreign financial institutions. These developments are logical; and the authorities are not shy of increasing the scope of their responsibilities; but we should prefer to see more public formality in these new financial organs. Their non-amenability to Parliamentary, not necessarily public, scrutiny may cover a multitude of arbitrary dealings—to say nothing of errors against the public interest.

The Money Market.—Conditions are very easy and credit is very plentiful. September is usually a quiet month, and except for a possible slight tightening towards the fourth week at the end of the quarter no changes are expected in any of the money rates:—

	Aug. 13, 1936	Aug. 20, 1936	Aug. 27, 1936	Sept. 3, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short loan rate:—				
Clearing banks	1-1-1*	1-1-1*	1-1-1*	1-1-1*
Others	1	1	1	1
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills	1-1-1	1-1-1	1-1-1	1-1-1

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral respectively.

There is a strong demand for bills in the market for selling to the banks, for since the rate of profit on bills is so very low brokers attempt to get as many as possible in order to keep up their profits. This week maturities of Treasury bills were £5 millions in excess of the amount offered, and the contraction in the tender issue further increased the competition for bills.

An Italian Bid for Credit.—A decree was published in Rome on August 27th to enable Italian Treasury bonds of 12, 18, 24 and 36 months' usance to be placed in foreign markets in denominations of other currencies. While interest is to be paid in lire, the bonds are redeemable at the expiry of their usance; and they are tax-free. It was reported that, owing to the state of Italian finances, the new bonds were intended to raise foreign credits for the development of the annexed Ethiopian territories. As we showed in a Note of the Week in our last issue, the aftermath of the Abyssinian war and Italy's current and future liabilities in Ethiopia have caused a drain on the Treasury. Even so, it is surprising that the Italian authorities should have gone so far as to advertise their need of funds in foreign markets. For although the short-term nature of the bonds would technically evade the ban on foreign loans to "defaulting debtors" contained in the American Johnson Act, it is not likely that Wall Street will smile upon what London and Paris reject. Nor is it likely that Amsterdam, Zürich or Stockholm will help. Italy is not creditworthy; there is no guarantee—other than the word of a Government which has not been zealous in keeping its pledged word—that even interest in lire will be paid; nor that such interest will be transferred; nor that the principal will be redeemed at due date. Even as a speculation, Italy's new bonds do not commend themselves, for at 5 per cent. they scarcely cover their own risk-premium.

The Bank Return.—The increase of £2.4 millions in the note circulation this week is accounted for by the normal increased demand for cash for the payment of wages, etc. As far as can be ascertained French hoarding has ceased. The bank is continuing to buy gold, however, to the extent of nearly £1 million, if Thursday's purchase of £336,000 is included. This may be due to a possible renewal of hoarding, or simply to a repatriation of excess gold held by the Exchange Equalisation Account in Paris:

	Sept. 4, 1935	Aug. 12, 1936	Aug. 19, 1936	Aug. 26, 1936	Sept. 2, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	193.4	243.0	243.8	244.8	245.4
Note circulation	401.6	450.3	444.5	443.4	445.8
Banking Department:—					
Reserve	52.5	53.7	60.3	62.4	60.7
Public deposits	5.9	17.4	23.6	17.2	18.1
Bankers' deposits	100.1	98.0	96.0	100.9	101.1
Other deposits	38.6	38.0	40.0	37.8	38.8
Government securities ...	83.4	89.6	86.4	84.8	85.7
Discounts and advances ..	14.1	8.9	9.7	9.2	10.6
Other securities	12.8	19.3	21.3	17.8	19.1
Proportion	36.3%	35.0%	37.8%	40.0%	38.4%

Victory bonds and 3 per cent. Conversion Loan fell due on Tuesday and caused Government payments of about £15 millions. At the same time, owing to the fact that June 1st was Whit-Monday, there were no maturities falling due on Monday and Tuesday, so bankers' deposits, which would otherwise have shown a considerable expansion, remain more or less the same.

The Foreign Exchanges.—The London Market is extraordinarily quiet, and there is little interest in any direction. With the holiday season almost over, dealings in currencies for these purposes have virtually finished. The demand for registered marks for the Olympic games had no apparent effect on the discount, and it is presumed that travel agencies, through which most of these transactions are made, had previously provided themselves with sufficient marks to carry them through the period. The demand for "tourist" lire, too, has now considerably diminished. The franc continues to be at the gold point against the dollar, but only small shipments of gold have been made. As against the Swiss franc and the Dutch guilder it has also been at the gold export point, but gold losses in these directions have been insignificant. As was pointed out last week, gold moves considerably less freely between countries in the gold *bloc* than to a country outside it.

THE STOCK EXCHANGE

HOW SHOULD WE LEND ABROAD?

THERE is a stirring in the dry bones of the foreign bond market. Last week brought good news from the Near and Far East for bondholders. China announced arrangements for a resumption of partial interest payments on two more of her railway loans; Greece produced an overdue offer to increase the remittance percentage of her debt obligations to a figure which the representative associations of her bondholders in London accepted—provisionally, reluctantly and under protest, but accepted nevertheless. And on Monday of this week the League Loans Committee (London) has published its fourth annual report, which bravely maintains that the machinery by which £80½ millions of capital was subscribed between 1923 and 1928 for European economic reconstruction is "powerful and useful" and "has done indispensable work." Investors have every reason to be grateful to the Committee for its unremitting efforts to serve them in the past four years. They will honour the indomitable conviction expressed in the Committee's words, at a time when £37½ millions of an outstanding total of £41½ millions of League loans is actually in default. The Committee, admittedly, argues by faith and not by sight when it urges that creditors and debtors alike should preserve this reconstruction machine against the time when they may need it again.

But belief in a future resumption of foreign lending is not confined to the Committee. Its possibility has lately been considered, officially and unofficially, in circles so varied and influential as the Treasury, the City and the Federation of British Industries. What should the investor's attitude be?

If pure investment considerations were alone involved there would be little doubt of the answer. Foreign lending has always been recognised as a speculative business, in which heavy losses are inevitable from time to time. This condition, however, has always been appropriately recognised by both parties to the bargain. Borrowers have offered high rates of interest and lenders have regarded the majority of foreign bonds as suitable only for "mixing" purposes, to raise the average yield on a well-distributed investment portfolio. For the last hundred years every depression has produced its crop of defaults, but subsequent recovery has invariably witnessed renewed borrowing and lending. Compositions between debtor and creditor have fallen thick as autumn leaves in Vallombrosa, but no borrower who has shown a suitably contrite spirit has ever been refused fresh accommodation in London. And, on the whole, the business has been a paying proposition. The average rate of interest secured on the entire *corpus* of foreign loans—defaulted and defaulted, in bad times and good—has not been unprofitable. In the worst year of the present depression the Board of Trade's estimate of Britain's income from her overseas investments never fell below £150 millions. In 1935 it was put at £185 millions. It is not disputed that this country, so far as its overseas financial relations are concerned, is to-day "living on its interest"—if not, even to a small extent, on its capital.

If the present depression had differed in degree but not in kind from its predecessors, there is little doubt but that the beginnings of the customary revival in foreign lending would already have been evident. International trade recovery, though painfully slow, has definitely begun, and time is no longer the bondholder's worst enemy. In the last few months there has been a faint but perceptible upward trend in foreign bond prices. This is shown by the series of index numbers opposite, devised by Municipal and General Securities Company, Limited, in connection with the Foreign Government Bond Trust, on lines explained in the *Economist* of July 4, 1936 (page 20).

The current average price of the whole sample of 114 bonds is 13 per cent. higher than a year ago. The lion's share of the improvement, significantly enough, has occurred in bonds still under whole or partial default. The

AVERAGE JAN.-JUNE 1934=100

Month	Europe	Near & Far East	Egypt	South & C. America			Complete Index	Unde-faulted	De-faulted
				State	Prov. Govt.	Total			
(No. of bonds)	(32)	(31)	(4)	(36)	(11)	(47)	(114)	(60†)	(54†)
1935									
Jan.	99.5	103.9	102.1	92.9	83.4	90.6	96.8	104.8	87.7
Feb.	98.5	99.7	102.2	85.9	79.0	84.2	92.7	103.4	81.1
Mar.	95.3	98.1	99.0	80.8	72.4	78.7	88.9	100.7	76.6
Apr.	92.3	97.2	97.2	82.0	71.7	79.4	88.1	100.7	75.3
May	90.2	99.5	98.3	82.2	71.9	78.6	88.2	100.9	84.5
June	92.0	101.7	99.5	91.9	76.6	88.1	93.1	101.0	84.5
July	91.6	102.2	99.8	93.6	78.5	89.9	93.9	102.0	85.2
1936									
Jan.	96.2	100.1	98.9	102.9	85.4	98.6	98.3	103.4	92.5
Feb.	96.4	107.7	98.8	103.5	86.5	99.3	100.7	104.1	96.8
Mar.	95.1	109.9	99.2	100.2	85.9	96.7	100.0	103.7	95.3
Apr.	97.6	110.0	98.7	101.3	87.9	98.0	100.8	104.7	95.0
May	96.1	106.5	99.2	101.3	88.6	98.1	99.8	104.3	95.0
June	96.3	104.4	99.4	100.2	89.2	97.5	99.1	104.4	95.1
July	94.7	110.6	100.9	99.1	89.2	96.7	99.8	104.4	95.1
Aug.	95.1	113.2	100.7	99.3	89.8	97.0	100.7	105.7	95.3

† These are current totals. Changes in totals have been necessitated during period as follows: January, 1934, to July, 1935, 63 defaulted, 51 defaulted bonds; August, 1935, to April, 1936, 62 defaulted, 52 defaulted bonds; May, 1936, to date, 60 defaulted, 54 defaulted bonds.

"undefaulted" bonds are 5 per cent. and the "defaulted" 24½ per cent. above the level of August, 1935.

Clearly, the market setting is more auspicious to-day than twelve months ago. But, in fact, no one inside or outside the market believes that there is the slightest possibility of a resumption by Great Britain of foreign lending on the old unrestricted scale. On the contrary, the inevitability of the imposition of some sort of authoritarian regime on the export of new capital is tacitly recognised even in quarters which are most friendly to the idea of a recrudescence of foreign lending, as such. It is not merely that Britain's balance of payments no longer shows a handsome annual surplus for overseas investment; that certain of the world's major currencies are still in disequilibrium; that numerous countries are no longer deemed credit-worthy and that international transfers are widely handicapped by currency and trade restrictions. Behind and beyond all this there is a growing conviction that, in the world of to-day, control of foreign lending has ceased to be a question of pure investment, and has become a matter of high policy.

This aspect is certainly not new. The conferment of trustee status on Colonial Government securities, at the beginning of this century, was avowedly designed to canalise part of the stream of overseas investment for Imperial irrigation. After the war, the appearance of a new phenomenon, the "defaulter on principle," like Soviet Russia, strengthened the marriage-tie between finance and politics. But the active concern of the British Government with currency policy in the disturbed period from 1914 onwards has done most to make foreign lending an affair of State. The war-time repatriation of dollar securities, which proved an indispensable instrument in financing the purchase of supplies from abroad, familiarised the authorities with one aspect of the question. Later, the unofficial embargo on foreign issues, associated with the return of Great Britain to the gold standard, was a lesson in the practicability of a converse type of control. To-day, though the Treasury, in theory, has power only to "request" the issue market to abstain from certain operations which are perfectly legal, the authorities have implicitly admitted that control of foreign lending is part of the machinery of a managed sterling currency, and have appointed a Foreign Transactions Advisory Committee as their City executive arm.

There are indications, however, of a further orientation of official policy. At a moment when domestic industry is passing from recovery to boom, British exports are

hanging fire. The thesis that "loans make exports" is classical. May not lending be a useful weapon in the armoury of a Government which has assumed a peculiar care for the continuance of trade revival, at a time when other export-forcing expedients, like bilateral commercial agreements, appear to have limited scope? The agreement announced on July 30th for a British Treasury guarantee to a £10 million five-year Russian Government loan for the purchase of British goods goes far beyond neutrality, benevolent or otherwise, in the foreign issue market. If it is followed by other operations of similar character, the conclusion will be inescapable that the Government has consciously combined the rôles of *entrepreneur*, dictator and insurer in the foreign loan market. And the process of foreign lending will have been definitely associated, as a branch of public policy, with the economic advantage, primarily, of the lender rather than the borrower.

It is much too early to pronounce a final verdict on the Treasury's new rôle in an old-established market. Within the limits imposed, in the long run, by our balance of payments, there may be scope for the development of a method which will undoubtedly tend to bring orders for British goods which might have gone elsewhere, and, carefully administered, may leave the Treasury with a sufficiently high premium to cover its "acceptance risk." But if the investor, henceforth, is to invest abroad by purchasing gilt-edged British Government securities (after having invested in railways, Tubes and beet-sugar in the same way), it is obvious that the new foreign lending cannot accept the same wide range of risks as the old. For this reason, if for no other, it is unlikely to attain anything like its former dimensions.

INVESTMENT NOTES

"Discipline" in the Gilt-edged Market.—Activity is developing once more in the gilt-edged market. For the last few weeks prices have been steady with a firm undertone, and they are now not far short of their highest levels of the year. The *Financial News*' index of fixed interest security prices is still three points below the peak of January last year, but it has advanced by a half-point since the beginning of last month. This behaviour of the market demands more than passing notice at a time when the international outlook is becoming increasingly uncertain and the prospect of a Budget deficit increasingly certain. At the present point in the trade cycle it would be natural, by classical canons, to look for some hardening of interest rates. Traditional criteria, however, are no longer entirely relevant in a market which is "managed" almost as invisibly and as indubitably as the exchange market and the foreign issue market. Investors will ask whether the Treasury has the power and the desire to play the rôle of a trick-riding Atlas, and to carry the entire system of interest rates on its shoulders, whatever the position of the cyclical machine on which it is seated. If so, the immediate outlook for gilt-edged securities is primarily a factor of the Treasury's will-power. It is clear enough that a continuance of low interest rates would suit the Government's book. There is a re-armament loan in the middle distance, and, meanwhile, the queue of municipal borrowers is lining up once again. The measures necessary to offset the French hoarding of British notes tend to obscure the usual monetary indicators, but the Bank of England returns show that credit is increasingly abundant. Last week a rise of one-eighth occurred in the price of 2½ per cent. Funding Loan, a large proportion of which, it is generally believed, has been held from the outset by the public departments. So far so good; but the rougher going which appears to lie ahead may call for more difficult equilibrium feats by the authorities than have as yet been necessary. The international trend of commodity prices, as a whole, is upward, and signs are appearing in industry of the beginnings of the spiral of rising costs. These are typical phenomena of a secondary stage in the upward swing of a normal trade cycle. Traditionally, the appropriate check comes by way of pressure on the foreign

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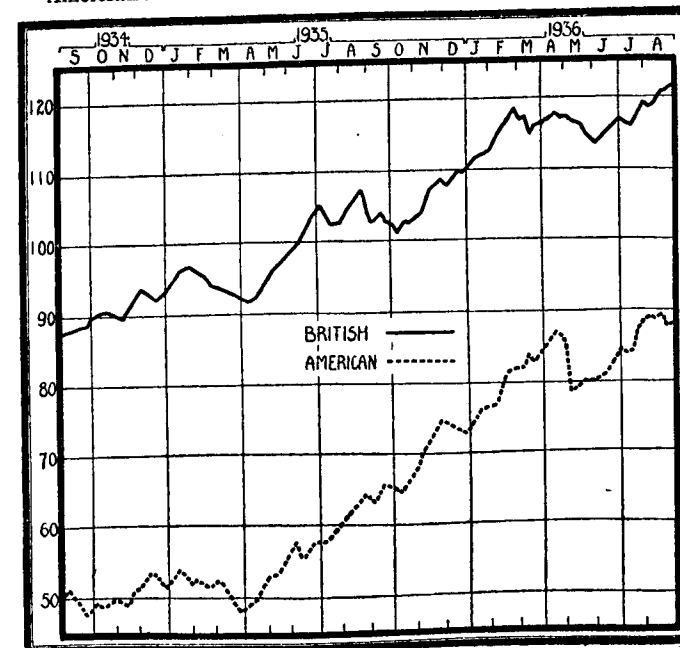
exchanges, but this apparently works much less automatically under a managed than under a gold currency. The possible consequences may, in theory at least, be far-reaching. The market would give a good deal to know whether the Treasury has decided to face them, whatever may betide, rather than to allow interest rates to harden.

Course of Share Values.—Although the volume of Stock Exchange business suffered a seasonal contraction last month, there has been no halt in the process of establishing new "post-depression records" in the London equity share market. In America, on the other hand, there has been a measurable recession, though, as the annexed chart shows, its dimensions have been no more than those of many "technical pauses" which have served as punctuation marks in the main upward movement since March, 1935. Compared with the very considerable reaction last April, last month's setback was scarcely worth considering. It is by no means improbable that wider movements will be witnessed before the Presidential election is over, but the outlook for Wall Street remains promising. About London's prospects, there may be diversity of opinion. Industrial recovery started earlier in Great Britain than in America, and some of the characteristics of recent business in ordinary shares have been those of a mature rather than an adolescent movement.

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES OVER THE PAST TWO YEARS

(1928 = 100)

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



Some cautious commentators are dwelling a little more on prospects of increasing industrial costs, and a little less on current increases in industrial profits, which were discounted by share values many months ago. The real mainspring, however, of the new increase in demand for equities, expected in the coming autumn, will be the state of industrial activity. British industry now has a good Press, but if any change occurs in the state of order-books, it is usually on the Stock Exchange that it finds its first outward and visible expression. Meanwhile, the figures of the Actuaries' Index show that the average level of the more substantial equity shares is approximately 15 per cent. higher than a year ago. The price index of 178 securities (December 31, 1928 = 100) has risen from 75.9

a year ago to 85.1 a month ago and 87.4 this week. The corresponding yield figures are 3.91, 3.69, and 3.62 per cent. Figures for various sub-groups are given below:—

Actuaries' Index						
Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Year ago	Month ago	This Week	Year ago	Month ago	This week
	Sept. 3, 1935	Aug. 4, 1936	Sept. 1, 1935	Sept. 3, 1935	Aug. 4, 1936	Sept. 1, 1936
Insurance Co.'s (24)	119.1	133.3	134.5	3.52	3.19	3.16
Building Materials (5)	89.9	102.2	108.1	4.50	4.76	4.50
Coal (7)	89.0	102.0	104.1	4.18	3.31	3.21
Iron and Steel (12)	64.5	79.8	79.6	3.17	3.74	3.75
Electric Supplies* (10)	118.1	145.3	150.0	4.34	3.75	3.62
Home Rails (4)	61.6	73.3	77.7	1.64	1.53	1.53
Breweries & distilleries (21)	128.7	149.2	153.0	4.29	3.93	3.84

* Electrical equipment.

All these groups are higher than a year ago, but whereas the average yield has fallen in the insurance, coal, electrical equipment, home rail and brewery groups, it has actually risen in the iron and steel group and is unchanged in the building material group.

League Loans Committee Report.—The fourth annual report of the League Loans Committee (London)* (whose wider implications are discussed in a leading article on page 440), suggests that although holders of loans issued under the League's auspices appear, as a whole, to have fared better than non-League bondholders, the contrast between countries with a high and those with a somewhat less stringent conception of their obligations has tended recently to become more marked. Danzig and Estonia have maintained the full service of their League loans, but these, unfortunately, account for only £3.6 millions of a present outstanding total of £41.3 millions. Of the remaining borrowers, Hungary, who has £10.4 millions outstanding, deserves at least Dorcas's tribute, for the Committee recognises that she has done what she could. She transferred 50 per cent. of her current interest service last year and is to continue at this rate for a further twelve months. Bulgaria, with her £8.4 millions, however, and Greece, with £18.9 millions, have shown a spirit which the Committee, with commendable restraint, describe as "unsatisfactory." Bulgaria agreed in April, 1934, to transfer 32½ per cent. of the interest on her external debt, but failed to carry out her undertaking. Last year her transfers were limited to 15 per cent. for current interest and 6½ per cent. for arrears. After she had enjoyed an internal recovery, the Minister of Finance admitted last March that there was no real budgetary difficulty in providing 32½ per cent., but the Government could not be induced to transfer more than 21½ per cent. The Greek default was even more serious. A temporary *modus vivendi* has been arrived at, on the lines indicated in last week's *Economist* (page 400), but the Committee remains convinced that the present 40 per cent. of interest does not represent the maximum effort which Greece could make. The following table summarises the present position of the nine League loans which were issued between 1923 and 1928:—

(Amounts in Million £)						
Borrower	Nature of Loan	Original Issue Equiv. (at par)	Of which issued in London	Amount Outstanding	Issue Price (London)	Last Coupon Paid (Percent. of Full Service)
Austria	Guaranteed, 1923	32.8	14.0	Nil	...	Repaid or converted Full
Danzig Municipality	7½ Mortgage, 1925	1.5	1.5	0.8	90	65
Danzig Free City	6½ Tobacco Monop., 1927.	1.9	1.5	1.4	91	59
Estonia	7½ Banking and Curr., 1927.	1.5	0.5	1.4	94½	94
Bulgaria	7½ Settlement, 1928	3.3	1.7	3.0	92	15½
	7½ Stabilisation, 1928.	5.4	1.5	5.4	96	16½
Greece	7½ Refugee, 1924	12.2	7.5	11.6	88	44½
	8½ Stabilisation, 1928.	7.5	3.4	7.3	91	34½
Hungary	7½ Reconstruction, 1924.	14.2	7.9	10.4	88	46½

* Issued from 3 Bank Buildings, Princes Street, London E.C. 2. 5s. net.

It will be seen that while the heaviest losses for bondholders have occurred in the defaulted issues, political complications have resulted in a lower basis of quotation, among the defaulted loans, for Danzig than for Estonia. League bondholders have every reason to be grateful to the Committee for its unremitting endeavours.

New Issues in August.—Our computations of the value of new issues in August show a total of £17,516,000 (or £6,511,000 on the old basis of calculation). This reflects the traditional holiday decline in activity, for it is less than half the July total, but it compares with only £11,425,000 for August, 1935. The degree of activity, on the whole, is relatively high for the "close season," and it suggests a return to lively conditions in the autumn:—

(000's omitted) Excluding Conversions					
Monthly average (Old Basis)	United Kingdom	British Possessions	Foreign Countries	Total	
1932	13,589	2,129	24	15,742	
1933	17,520	2,429	449	20,398	
1934	11,474	2,494	125	14,093	
1935	18,388	1,270	21	19,679	
Monthly Total (Old Basis)	Govt.	Other			
June, 1935	Dr. 150	14,274	669	14,793	
June, 1936	Dr. 150	8,556	1,676	10,112	
July, 1935	Dr. 300	53,833	3,273	57,062	
July, 1936	Dr. 300	16,621	2,669	19,128	
August, 1935	Dr. 200	949	1,670	2,419	
August, 1936	Dr. 150	2,949	3,712	6,511	
(New Basis)					
June, 1935	Dr. 150	25,566	669	26,085	
June, 1936	Dr. 150	20,752	2,019	22,789	
July, 1935	Dr. 150	59,659	3,273	63,038	
July, 1936	Dr. 300	35,691	6,763	42,292	
August, 1935	Dr. 200	9,520	2,105	11,425	
August, 1936	Dr. 150	12,887	4,779	17,516	

Issues lately have been more numerous than important, and the few public offers contained none of any size. The Kenya loan, for instance, involved only a small amount for the London market. A considerable proportion of last month's total was made up by three large offers "to shareholders only." Comparative figures on the old and new bases are given above.

Industrial Profits in August.—The month of August is mainly a close season for the publication of company reports. Last month only 47 reports reached us, showing profits of £5,562,452 after deduction of debenture interest, against a total of £4,870,222 for the same companies in their preceding financial year. The increase of 14.21 per cent. thus revealed is somewhat above the average for all companies which have reported since the beginning of this year:—

Reports published in	No. of Companies	Rise in Profits*	Reports published in	No. of Companies	Rise in Profits*
1935—		%	1936—		%
April	242	16.49	January	128	13.66
May	244	11.07	February	205	9.00
June	191	21.72	March	236	17.39
July	232	13.44	April	254	9.66
August	38	5.93	May	269	9.41
September	77	9.28	June	214	13.50
October	166	29.19	July	228	15.69
November	160	17.47	August	47	14.21
December	159	12.27			

* After payment of debenture interest.

The greater part of the increase in last month's profits was attributable to four groups of companies. Seven breweries disclosed an aggregate gain of £159,000, four textile companies a gain of £134,000, three motor and cycle companies a gain of £93,000, and six iron, coal and steel companies a rise of nearly £51,000. Only two groups showed a decrease—"Financial, Land, etc.," and "Rubber." The growth of investment trust company profits, however, continues to be slow. Three trust companies which reported in August revealed an increase of under £7,000 in net earnings, from £121,000 to £128,000. Taken by and large, however, it is clear that there has been, as yet, no significant check to the upward movement in British earnings.

COMPANY NOTES

Lautaro Nitrate Prospects.—In a Note on page 404 of last week's *Economist*, we discussed the anatomy of the Lautaro Nitrate Company's capital reorganisation scheme. If and when the scheme has been passed, the capital will consist of £1,746,685 income debenture stock, and \$31,357,000 Income Bonds, followed by £2,193,366 of "A" and "B" ordinary shares. Until the corporation's nitrate stocks have been liquidated—which should be by 1943—the whole profit, apart from 2 per cent. bank interest, will be applied to the debenture and bond service. This is divided between interest and sinking fund by a complex formula, with a maximum interest rate of 4 per cent. on each. After the liquidation period, the ordinary shares will receive one-fifth of the profits. In fact, the scheme promises redemption of the prior charges at a rapid rate. If the level of profits permits a full 4 per cent. payment—which, presumably, was the directors' intention when the scheme was formulated—both debentures and bonds will probably be redeemed in less than twenty years. In the Chilean nitrate industry, however, profits are a matter over which producers have little control. In the early years of the slump, the synthetic industry established its supremacy at the cost of virtual bankruptcy of the Chilean industry. The synthetic producers still have a substantial advantage in the matter of costs. Their Governments, moreover—particularly the German Government—are willing so largely to subsidise them as to give them control of the entire export market if the matter ever comes to the test. The synthetic producers, however, are now united in an international cartel which covers every market except the U.S.A. and Chile itself. This cartel is working satisfactorily, and seems likely to be prolonged—the more so as the German and Polish Governments, for military reasons, are not anxious to export an unnecessarily large amount of nitrate. The price of nitrate in the United States is rising, and as long as military demand is maintained, the present upward movement is unlikely to be checked. In practice, therefore, the Chilean position may be stronger than appears at first sight, and a continuation of the present level of the Lautaro Corporation's profits may be conceivable. If so, the debentures at 39 (including rights worth at least 7½), and the bonds at 35, may have fair prospects. The position of the new ordinary shares will be more open to argument. They are entitled to nothing before 1943; after which they will receive only one-fifth of the profits until the whole of the prior charges have been redeemed. When they obtain full equity-ownership, heavy allowances will be necessary for depreciation of plant and amortisation of nitrate lands. The prospect of large dividends, therefore, is anything but bright.

Gordon Hotels Scheme.—The holiday period has certainly not been a close season for capital reorganisation schemes. Investors must be strongly impressed by the extreme urgency which impels boards of directors to put forward proposals, affecting financial rights in perpetuity, at a time when the majority of shareholders are away from home and deprived of normal access to expert assistance. With the best will in the world, it is difficult to deduce the reasons for such overwhelming haste from the actual terms of certain schemes recently put forward. The proposals of Gordon Hotels, Limited, for example, which have been published this week, amount simply to a reorganisation of the debenture burden, without any alteration of the assets figures in the balance sheet, or of the relationships of holders of share capital. The scheme's objective is defined as being "to enable the fixed charges to be brought more into line with the present and prospective earning capacity of the company"; and it is intended as a substitute for an existing arrangement under which the 6 per cent. debenture holders obtain 4 per cent. in cash and 2 per cent. in deferred interest certificates. The question at once arises why the burden of adjustment should fall alone on the debenture holders, who, *pro tanto*, increase the income of shareholders

OTARD'S

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THE BRANDY WITH A PEDIGREE

with rights junior to theirs. It is proposed to give every holder of £100 of 6 per cent. debenture stock, in exchange, some £25 of prior lien debenture, £50 of 6 per cent. debenture, and £25 of 7 per cent. income debenture—the last being non-cumulative until 1940 and dependent on profits. Thus, holders will obtain a firm 4 per cent. income *plus* a possible and contingent 1½ per cent., making a maximum of 5½ per cent. against a present 6 per cent. Their "cover" is actually reduced, for the company's bankers receive a large slice of prior lien stock, together with cash, in payment of their overdraft. Holders have right and reason to insist that any acceptable scheme must be comprehensive.

Triplex.—The market initially registered a somewhat unreasonable disappointment with the Triplex Safety Glass accounts for the year to June 30th last. Profits have increased by 30 per cent., and earnings for dividends, after heavier allowances for taxation and depreciation, have advanced from 55.1 per cent. to 69.5 per cent. The dividend has actually been doubled at 60 per cent. against 30 per cent. But the market had anticipated the announcement of a capital bonus. The shares are now at 121s. 3d. against 121s. 6d. before the report. The accounts, nevertheless, are excellent in every way. Despite the group's rapid expansion, liquid resources are still adequate, while fixed assets are being written down on austere conservative lines. The following table shows profits and their distribution during the last three years:—

	Years to June 30		
	1934	1935	1936
Total profit	132,349	131,909	177,333
Fees, etc.	3,084	850	1,350
Income tax	31,000	25,000	40,000
Depreciation, obsolescence	23,095	20,578	30,020
Ordinary shares:—			
Earned	75,170	85,481	105,963
Paid	38,750	46,500	91,500
Earned %	48.5	55.1	69.5
Paid %	25	30	60

Reserve

Carried forward	37,500*	50,000	12,763†
	13,331	3,335†	6,163†

* Written off goodwill, patents, etc. † Employees' profit-sharing fund. ‡ After bringing in £1,023 in 1935 and £1,128 in 1936, profit on the sale of investments.

The company's tactical position is favourable. The motor boom shows no signs of recession, and safety glass is being made compulsory for certain purposes. There is also a strong "re-armament equity" by way of the safety glass equipment of military aircraft. The company has two potentially valuable subsidiaries—Quickfit and Quartz and the Thermolux Glass Company—which, respectively, produce scientific and domestic glassware, but have not yet reached the profit-earning stage. Finally, the American subsidiary—Triplex Safety Glass of North America—has been awarded \$200,000 by the Court. This windfall, equivalent to roughly 20 per cent. on the capital, has not yet been distributed; though its existence may have been one reason for the freer dividend policy this year. Triplex 10s. shares have had an extraordinary rise this year—at one time they touched 85s. 6d. only—but even at 121s. 3d. they yield just under 5 per cent.

Eastwoods.—Although investors have become accustomed to look for expanding profits in the building trades and allied industries, the decline in Eastwood's profits by some £9,000 to £101,663 is not unexpected. The report mentions seasonal causes, but this week's unofficial

announcement of negotiations for tightening up the agreement of 1934 in the cement industry may also have relevance. The following table shows the allocation of earnings for the past three years:—

	Years ended March 31st		
	1934	1935	1936
Profit, less depreciation	91,871	110,720	101,663
General expenses and fees	13,267	16,233	13,910
Provision for bad debts	3,709	4,449	4,668
Taxation reserve	2,500	5,000	5,000
Earned for dividends	72,395	85,038	78,085
Preference dividend	10,500	10,500	10,500
Ordinary shares:—			
Earned	61,895	74,538	67,585
Paid	37,500	45,000	45,000
Earned (%)	23.0	27.7	24.9
Paid (%)	12.5	15	15
General Reserve	23,911a	22,500	22,500
Carried forward	9,773b	15,811b	15,897

a Including £1,411 to Investment Reserve.

b After deducting £1,000 Directors' Bonus, voted in the following September.

The fall in the latest period is diminished by a drop in expenses, and involves no change in the provisions made for bad and doubtful debts, for taxation reserve, or for general reserve, to which £22,500 is placed for the third successive year. Earnings of 24.9 amply cover the unchanged dividend of 15 per cent. The balance sheet reveals no major changes. Stock has increased from £103,125 to £118,857, and investments are lower, while cash and Government securities show a corresponding fall from £150,090 to £135,225, but still represent some 15 per cent. of the balance-sheet total. Although the limit to the rate of expansion in the building trades may be in sight, and the possibility of stationary or of lower future profits may loom on the horizon, the ordinary shares seem fairly valued at 52s. 6d., to yield 5 1/4s. per cent.

* * *

Tube Investments Expansion.—Plans for the expansion of Tube Investments' plant were made public recently in a letter from the chairman, Mr Arthur Chamberlain, to the stockholders. The rapid increase in the demand for tubes "has called for an ever-increasing production from all the company's factories," and extensive new capital expenditure has been necessary. Plans have already been prepared, and some have been put into operation, for the expenditure of £1,250,000. Some of the increase is, of course, made necessary by the Government's re-armament programme. But Mr Chamberlain emphasises the fact that the plan "is primarily designed" for normal peacetime purposes. There is, indeed, less danger of over-expansion here than in other sections of the steel industry. The company is not interested in the export trade, and, besides the huge and perhaps transient demand from the building boom, many new uses for tubes are being found. On the financial side, Tube Investments' position appears eminently sound. Mr Chamberlain points out that its programme could have been financed from liquid resources. It was decided, however, to finance the bulk of it by an issue at 30s. cash of 517,199 new £1 ordinary shares, bringing the total issued capital up to £3,932,179. Dealings are taking place in the new shares around 41s. 9d. premium.

* * *

Other Company Results.—The reports of 13 other companies are analysed on page 454. *Palestine Electric* net profits have increased by the substantial sum of £P.82,374 to £P.296,685, while an increase of over 50 per cent. in the number of consumers is reported. The income from interest and dividends and net profit on sale of investments of *Industrial Finance and Investment* is £143,919, as against £132,087. The first complete year's results of *Hilton Main Colliery* show net profits of £42,172, from which a dividend of 15 per cent. is being paid, and £10,000 put to reserve. *Whitworth and Mitchell* profits have fallen from £70,749 to £58,190, and the dividend from 6 1/2 per cent. to 4 1/2 per cent. *Hutchinsons and Company (Publishers)* report an increase in profits of £11,668 to £51,056. The amount earned for dividend by *London Express News-*

paper is practically unchanged at £146,321; a dividend of 10 per cent. is being paid for the ninth year in succession. *Debenhams* dividend has been raised from 12 1/2 per cent. to 16 1/2 per cent. The preliminary statement shows that net earnings are £558,263, against £508,001. The reserve allocation remains at £50,000, and £182,171 is carried forward, against £136,241 brought in. A cable from *Broken Hill South* reports net profits of £486,197 (£387,747 from the mining and £98,450 from the investment section), which represents the very appreciable increase of £143,687. Good quarterly statements from *Roan Antelope Copper* have been followed by a dividend of 30 per cent., compared with an initial distribution of 20 per cent. Other dividend announcements include *Ranks*, whose final payment of 12 per cent. makes 15.0492 per cent. for the year, against 15 per cent., and *Pinchin Johnson*, who have declared an interim dividend of 7 1/2 per cent. Again no interim payment on the deferred ordinary shares is proposed by *Maypole Dairies*; the directors of *Home and Colonial* do not wish to encourage expectations of an early resumption of ordinary dividends, but report that the decline experienced in the first quarter has now been arrested, and the reorganisation is being proceeded with.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET ACCOUNT
SEPTEMBER 8 SEPTEMBER 10

ANOTHER holiday week has seen cheerful conditions in the markets, and dealers have been encouraged by the evidence of increasing trade at home, by somewhat unsubstantiated hopes of better political developments in Europe, and to some little extent by the improvement of Wall Street prices. The gilt-edged market has been very quiet, particularly toward the end of the account, but prices have moved upward, and Old Consols, Conversion 2 1/2, and War Loan are all higher. Colonial issues have been firm, though neglected, but India stocks have attracted considerable attention and are moving into line with Colonial issues. Home corporation stocks were higher in the few cases where movements were recorded. German bonds have been the best feature of the Foreign Bond market, and in mid-week about the only issues to lose ground were French Railway bonds. The further inroad into Chinese Customs revenues threatened by the new tariff established by the Chahar-Hopei political council depressed Chinese bonds, and left Japanese very steady. Brazilian issues were weak, on the coffee position. Home rails were firm in anticipation of the week's traffic, but the figures when published caused disappointment. Transport "C" improved on the traffic return, and Mersey Ordinary were well supported on absorption rumours. Apart from Americans, which moved in sympathy with Wall Street prices, the foreign rail market was dull.

Industrial markets have shown many good features. Iron and steel shares have been one of the quieter sections, without much change in prices despite the evidence of continued good industrial activity. T. W. Ward were in demand on dividend hopes, but reacted in mid-week. Aviation issues have not seen much business, but dealings in the motor section have been active, with Leyland, Standard and Tilling in the lead. Electrical Equipment issues have been among the strongest in the market, on the general increase in industrial demand, and signs of expansion in the supply industry. Business has been considerable, at rising prices, with Crompton Parkinson the main feature. Electrical supply shares were somewhat irregular.

Patons and Baldwins were prominent in the otherwise neglected textile markets, on hopes of higher dividend following improved business, and early in the week a good demand for Courtaulds was in evidence. The good July production figures continue to encourage Brewery issues, and there was support for some of the leading tobacco shares. The Stores section opened the week very well, but many issues became soft later in the week, while in the Provision and Catering group prices continued to improve, with Lovell and Christmas a bright feature on good trade reports. Insurance shares were firm on investment buying. There were a number of good features among miscellaneous industrials, particularly cement issues, which improved on prospects of a successful scheme to fix prices. Triplex gave way at the beginning of the week, on profit-taking, but recovered later. Miscellaneous engineering and machine tool issues were all firm in mid-week, and British Oxygen improved after an earlier setback.

Business in the oil shares market has been very active, all sections of the market becoming affected as the week progressed. At the start, Mexican Eagles were the feature on the increase in production and the prospects of the El Plan field, and prices advanced in very active dealings. Announcement by the directors of Anglo-Ecuadorian Oilfields that oil and mining companies are exempt from the exchange control was followed by a rapid improvement in the company's shares. There was considerable investment buying of the leading issues, and Shell, Royal Dutch, Anglo-Iranian and Burmah shares were all higher. The rubber shares market was devoid of interest, but prices on the tea shares market, particularly in the Indian section, advanced sharply on a relatively small amount of business, the principal factor being the higher price for cheap grade teas.

The Kaffir market opened the week very quietly, and was later somewhat depressed by profit-taking. In mid-week there was an improvement lead by Far Western issues, and Venterspost made a sharp recovery on development reports. Support from the Cape and London was encouraged by the August returns. The West African section was the most active in the market, although interest showed signs of flagging as the week progressed. Rhodesian copper issues have made slight improvements, and tin shares were firm on the higher commodity price.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Aug. 23	Aug. 27	Aug. 28	Aug. 31	Sept. 1	Sept. 2	Sept. 3
Govt. and Municipal	5,015	963	1,094	1,157	1,032	1,096	942
Transport, etc.	4,439	882	893	1,041	976	927	947
Comm. and Ind.*	22,931	4,479	4,700	4,918	4,892	5,173	5,065
Banks and Ins.	2,442	474	454	652	535	541	522
Mines	6,073	1,138	1,194	1,461	1,201	1,343	1,300
Oil	942	164	189	235	294	265	415
Rubber and Tea	1,363	247	314	395	304	263	314
Total	43,205	8,347	8,838	9,859	9,234	9,608	9,505
Corres. day 1935 ...	...	6,420	6,862	7,214	7,214	6,395	6,950

* Including Steels and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY SHARES. (July 1, 1935 = 100)

Highest†	Lowest‡	Aug. 27	Aug. 28	Aug. 31	Sept. 1	Sept. 2	Sept. 3
118.0	107.4	117.2	117.4	117.7	117.7	118.0	117.8

† September 2. ‡ January 2.

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest†	Lowest‡	Aug. 27	Aug. 28	Aug. 31	Sept. 1	Sept. 2	Sept. 3
138.4	136.2	137.8	137.8	137.9	138.1	138.0	138.0

† February 10. ‡ June 26.

FOREIGN STOCK EXCHANGES

NEW YORK

By the end of last week prices on Wall Street had more than recovered the ground lost in the previous week, and one of the elements which provoked the recovery was a speech by Candidate Landon, who promised, if elected, to repeal the last Finance Bill with its taxes on undistributed corporate profits. This was obviously more to the market's fancy than mere good business reports, and it must have been a Wall Street paradox that the introduction of the new bill some months ago was followed by a rise in prices. The new week opened with railroad issues leading the market on the excellent July operating results, but business then tailed off slightly until mid-week saw a revived interest. The revised Budget estimates were said to have little influence in industrial markets, but Government issues were strong on the Bond market, and several new high levels were reached. Utility shares are now the laggards in the market, which is only to be expected in view of the uncertain fate which awaits the holding companies. Otherwise, nearly all sections reflect the trend of business reports, and the slightly lower steel mill activity reported this week by *Iron Age* was considered better than normal, with the outlook for the industry as bright as ever.

	Aug. 26, 1936 (Close)	Sep. 2, 1936 (Close)	Sep. 3, 1936 (Latest)		Aug. 26, 1936 (Close)	Sep. 2, 1936 (Close)	Sep. 3, 1936 (Latest)
1. Rails & Trans- port				4. Manufacturing			
Atchafalaya	76 1/2	82 1/2	81 1/2	Briggs	54 1/2	57 1/2	58
Balt. and Ohio	21 1/2	24 1/2	24 1/2	Chrysler	110	114 1/2	113 1/2
B.M.T.	51 1/2	53 1/2	53 1/2	Electric Auto.	37 1/2	39 1/2	39 1/2
Can. Pacific	11 1/2	12 1/2	11 1/2	General Motors	64 1/2	66 1/2	66 1/2
Ches. and Ohio	65 1/2	67 1/2	67 1/2	Hudson Motor Car	16 1/2	17 1/2	17 1/2
Gt. Nthn. Rly. Pf.	38 1/2	41 1/2	41 1/2	Murray Corp.	19 1/2	20 1/2	20 1/2
Illinois Central	25 1/2	28 1/2	27 1/2	Nash Motors	16 1/2	16 1/2	16 1/2
N.Y. Central	40 1/2	44 1/2	43 1/2	Packard Motor Car	10 1/2	11 1/2	12 1/2
Nor. Pac.	27 1/2	27 1/2	27 1/2	Bendix Aviation	27 1/2	28 1/2	28 1/2
Pennsylvania R.R.	37 1/2	39 1/2	39 1/2	Boeing Airplane	27 1/2	28 1/2	28 1/2
Southern Pac.	39 1/2	43 1/2	43 1/2	Douglas Aircraft	69 1/2	71 1/2	72 1/2
Southern Rly.	20 1/2	23 1/2	22 1/2	United Aircraft	24 1/2	25 1/2	25 1/2
Union Pac.	139	140	140 1/2	Air Reduction	72 1/2	74 1/2	73 1/2
Greyhound Corp.	57	57	57	Allied Chemical	230	228	228
				Col. Carbon	125	126	—
				Comm. Solvents	15 1/2	16 1/2	16 1/2
				Dupont	155 1/2	154	156
				Union Carbide	89 1/2	90 1/2	90 1/2
				U.S. Ind. Alcohol	35 1/2	36 1/2	36 1/2
				Allis Chalmers	52 1/2	56 1/2	56 1/2
				General Electric	45 1/2	47 1/2	46 1/2
				Westinghouse	133 1/2	141	139 1/2
				American Can.	120 1/2	124 1/2	124 1/2
				Addressograph	28 1/2	28 1/2	28 1/2
				Caterpillar	74 1/2	75 1/2	73 1/2
				Cont. Can.	69 1/2	71 1/2	71 1/2
				Ingersoll Rand	134 1/2	128 1/2	—
				Intnl. Harvester	77 1/2	79 1/2	77 1/2
				Pac. Gas & Electric	38 1/2	38 1/2	38 1/2
				Johns Manville	115 1/2	115 1/2	115 1/2
				Am. Radiator	22 1/2	22 1/2	22 1/2
				Corn Products	67 1/2	68 1/2	68 1/2
				Pub. Service N.J.	45 1/2	45 1/2	45 1/2
				Stan. Gas & Elec.	7 1/2	8 1/2	7 1/2
				United Corp.	7 1/2	8 1/2	7 1/2
				United Gas Imp.	16 1/2	16 1/2	16 1/2
				Am. Tel. & Tel.	175 1/2	174 1/2	174 1/2
				Int. Tel. & Tel.	12 1/2	12 1/2	12 1/2
				Western Union	86 1/2	86 1/2	86 1/2
				Radio	10 1/2	11 1/2	10 1/2
				Radio B. Pref. New	72 1/2	74 1/2	73 1/2

3. Extractive and Metal Industries

Am. Rolling Mills 26 1/2 | 28 | 27 1/2 |

Beth. Steel 63 1/2 | 67 1/2 | 67 |

Beth. Steel Pref. 120 1/2 | 122 | 122 1/2 |

Republic Steel 21 1/2 | 22 1/2 | 22 1/2 |

U.S. Steel 66 1/2 | 70 1/2 | 69 1/2 |

U.S. Steel Pref. 138 1/2 | 140 | 140 1/2 |

Alaska Juneau 14 1/2 | 15 1/2 | 15 |

American Metal 31 1/2 | 32 1/2 | 33 1/2 |

American Smelting 82 1/2 | 85 1/2 | 84 1/2 |

Anaconda 37 1/2 | 39 1/2 | 38 1/2 |

Bohn Aluminum 43 1/2 | 43 1/2 | 43 |

Cerro de Pasco 52 1/2 | 54 1/2 | 54 1/2 |

Int. Nickel 53 1/2 | 54 1/2 | 55 |

Kennecott 45 1/2 | 47 1/2 | 47 |

Patino Mines 11 1/2 | 11 1/2 | 11 1/2 |

Texas Gulf Sulph. 38 1/2 | 37 1/2 | 38 1/2 |

U.S. Smelt. 76 1/2 | 78 1/2 | 78 1/2 |

Vanadium Corp. 22 1/2 | 23 1/2 | 24 |

Atlantic Refining 27 1/2 | 27 1/2 | 27 1/2 |

Phillips Petroleum 41 1/2 | 43 1/2 | 42 |

Shell Union 18 1/2 | 18 1/2 | 18 1/2 |

Shell Union Pref. 120 1/2 | 120 1/2 | 120 1/2 |

Sonoco Vacuum 13 1/2 | 13 1/2 | 13 1/2 |

Stand. Oil Calif. 35 1/2 | 35 1/2 | 35 1/2 |

Stand. Oil N.J. 63 1/2 | 62 1/2 | 62 |

Texas Corp. 37 1/2 | 37 1/2 | 37 1/2 |

| | |

6. Finance

Commercial Credit 73 | 78 1/2 | 77 1/2 |

Atlas Corp. 13 1/2 | 13 1/2 | 13 1/2 |

Com. Invest. Trust 78 1/2 | 80 | 80 1/2 |

| | |

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

	1935		1936		Be- ginning of Year 1936	Aug. 19, 1936	Aug. 26, 1936	Sept. 2, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 28	Highest Aug. 12				
347 Industrials ...	74.5 (f)	112.3	112.7	130.3	112.3	128.7	126.4	129.2
32 Rails	27.4	43.0 (w)	42.8	55.4	41.5	54.3	52.6	55.2
40 Utilities	52.2	93.6	91.2	110.2	93.6	108.6	106.3	108.6
Total, 419 Stocks	63.1	97.7	97.7	114.7	97.7	113.2	111.0	113.6
Average yield*	3.02%	4.06%	3.60%	2.95%	3.22%	3.47%	3.64%	3.46%
	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)

* 50 Industrial Common Stocks.

(a) April 8th.

(b) November 13th.

(c) April 29th.

(d) December 4th.

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935	Last two Half-yearly Dividends	Name of Security	Price, Aug. 26, 1936	Price, Sept. 2, 1936	Rise or Fall	Yield Sept. 2, 1936	Name of Security	Price, Aug. 26, 1936	Price, Sept. 2, 1936	Rise or Fall	Yield Sept. 2, 1936
High- est	Low- est										
British Funds											
94½	80	Consols 2½%.....	85	84½	+	3 10	45/6	35/-	5(a)	5(b)	5(c)
118½	109½	Do. 4% Red. at par on 4th Feb. 1957 (n)	114½	115	+	3 0	38½	37½	7(a)	7(b)	7(c)
103½	97½	Conversion 2½% 1944-49	101½	101½	+	2 10	104	104½	10(a)	10(b)	10(c)
107½	100½	Do. 3½% 1948-53.....	104	104½	+	2 10	104	104½	10(a)	10(b)	10(c)
112	108	Do. 3½% after 1961 (s)	107½	107½	+	2 10	104	104½	10(a)	10(b)	10(c)
114½	108½	Do. 4% 1940-44.....	109	109½	+	2 20	27½	27½	27(a)	27(b)	27(c)
124½	115½	Do. 5% 1944-64.....	119½	119½	+	2 80	95½	95½	95(a)	95(b)	95(c)
106	98	Funding 2½% 1956-61	93½	93½	+	2 17	9	9	9(a)	9(b)	9(c)
106	98	Funding 3% 1959-69.....	103	103	+	2 17	0	0	0(a)	0(b)	0(c)
112½	111	Funding 4% 1960-90.....	118½	118½	+	2 18	0	0	0(a)	0(b)	0(c)
119½	110	Victory Bonds 4½%	115½	115½	+	3 9	7	7	7(a)	7(b)	7(c)
104	101½	War Lend Lease 1942-49	107	107½	+	2 19	3	3	3(a)	3(b)	3(c)
98½	89	Local Loans 3½%.....	97	96½	+	2 16	9	9	9(a)	9(b)	9(c)
104	100½	India 2½% 1933-53.....	102½	102½	+	3 8	7	7	7(a)	7(b)	7(c)
85½	76½	Do. 3%.....	87½	87½	+	3 8	7	7	7(a)	7(b)	7(c)
100	90	Do. 3½%.....	99½	99½	+	3 10	8	8	8(a)	8(b)	8(c)
119½	112½	Do. 4½% 1958-68.....	118½	119	+	3 6	0	0	0(a)	0(b)	0(c)
108½	105	U.K. & Arg. 4½% (1947)	105	105	+	3 11	0	0	0(a)	0(b)	0(c)
Dom. & Colonial Govts.											
101½	98	Australia 4½% 1945-75.....	101	101	+	3 12	6	6	6(a)	6(b)	6(c)
108½	100½	Canada 4½% 1940-60.....	106	105½	+	2 13	4	4	4(a)	4(b)	4(c)
119½	112½	Gold Coast 4½% 1958-60	115	115	+	3 9	6	6	6(a)	6(b)	6(c)
121½	118	Nigeria 5% 1950-60.....	118	118	+	3 7	6	6	6(a)	6(b)	6(c)
115½	107½	N. Zealand 5% 1948-60	111	111	+	3 14	6	6	6(a)	6(b)	6(c)
110	103	Queensland 5% 1940-60	108	107½	+	3 2	2	2	2(a)	2(b)	2(c)
118	113	S. Africa 5% 1945-75.....	115½	115½	+	3 1	0	0	0(a)	0(b)	0(c)
Foreign Governments											
101½	98	Argentina 4% Kesc. 1952	101	101	+	3 19	0	0	0(a)	0(b)	0(c)
91½	82	Austria 7% 1952.....	95	96	+	3 8	0	0	0(a)	0(b)	0(c)
101½	76½	Do. 4½% 1954-59.....	88	88	+	5 10	0	0	0(a)	0(b)	0(c)
63½	51	B. Aires (Prov.) 3½%.....	67	67	+	5 5	0	0	0(a)	0(b)	0(c)
112½	108	Belgium 7% red. by 1956	108	108	+	6 8	6	6	6(a)	6(b)	6(c)
20	14½	Bulgaria 7½% Loan.....	16½	16½	+	15 10	0m	0m	0m(a)	0m(b)	0m(c)
84½	77	Brazil 5% Fund. 1914	71	71	+	7 1	0	0	0(a)	0(b)	0(c)
23½	18	Chili 6% (1912).....	17½	17½	+	6 0	0	0	0(a)	0(b)	0(c)
71	64½	China 5% (1912).....	68½	68½	+	6 8	0	0	0(a)	0(b)	0(c)
100	94½	Do. 5% (1912).....	92½	92½	+	8 0	0	0	0(a)	0(b)	0(c)
113½	99½	Czechoslovakia 8%.....	100½	101	+	8 0	0	0	0(a)	0(b)	0(c)
109½	93	Danish 5%.....	110	110	+	2 14	9	9	9(a)	9(b)	9(c)
89½	78	Danish 6%.....	89	89	+	11 7	0	0	0(a)	0(b)	0(c)
109½	98	Egypt Unified 4%.....	105½	105½	+	3 15	10	10	10(a)	10(b)	10(c)
30½	22½	French 4% (British).....	21	21	+	11 13	3	3	3(a)	3(b)	3(c)
78	58½	German 7% Dawes L'n.	60½	62	+	13 8	3	3	3(a)	3(b)	3(c)
38½	32	Do. 5% Young L'n.	42½	42½	+	13 8	3	3	3(a)	3(b)	3(c)
97½	26	Greek 6% Stab. L'n.	34	34	+	21	18½	18½	18½(a)	18½(b)	18½(c)
45½	31	Do. 7% Refugee.....	44½	44½	+	8 1	3½	3½	3½(a)	3½(b)	3½(c)
91½	78	Hungary 7%.....	83	83	+	6 12	6	6	6(a)	6(b)	6(c)
97	85½	Japanese 5½% 1936-65	83	83	+	7 2	6	6	6(a)	6(b)	6(c)
144	113	Do. 6% (1924) red. 1959	88	88	+	2 17	6	6	6(a)	6(b)	6(c)
50	42	Norwegian 4% 1911.....	42½	42½	+	17 9	13 9	13 9	13 9(a)	13 9(b)	13 9(c)
87	79	Poland 7% 1922.....	71	71	+	253	242	242	242(a)	242(b)	242(c)
169	7	Romania 4% C. 1922	71	71	+	95	75	75	75(a)	75(b)	75(c)
144	106	Swedish 3% 1908.....	148	148	+	157½	144½	144½	144½(a)	144½(b)	144½(c)
113½	106½	U.K. & Argentine 1933	115½	115½	+	2 9	6	6	6(a)	6(b)	6(c)
84	75	5½% B. Certs. (1951)	84½	85	+	4 4	0	0	0(a)	0(b)	0(c)
72	64	Do. C. Certs. (3% Max.)	72	72	+	3 10	7	7	7(a)	7(b)	7(c)
Corporation Stocks											
120½	114	Berlin 6% 1932-57.....	122½	122½	+	3 2	3	3	3(a)	3(b)	3(c)
120½	114	Birmingham 6% 1948-58	118	117½	+	3 5	3	3	3(a)	3(b)	3(c)
122½	116	Bristol 5% 1948-58.....	117	117	+	3 5	3	3	3(a)	3(b)	3(c)
95½	86	Danzig 7% 1935-45.....	96½	97	+	10 15	3	3	3(a)	3(b)	3(c)
125½	119	E. London 5% 1960-70	120½	120½	+	3 14	3	3	3(a)	3(b)	3(c)
108½	104	Johannesburg 5% 1937-52	103	103	+	5 7	0	0	0(a)	0(b)	0(c)
98½	90	L.C.C. 3%.....	95½	96	+	3 2	6	6	6(a)	6(b)	6(c)
104	101½	Seine (Dpt. of) 4½% 1952	87	89½	+	5 11	5	5	5(a)	5(b)	5(c)
Public Bonds											
118½	115½	Central Elec. 5% 1950-70	116½	116½	+	3 9	9	9	9(a)	9(b)	9(c)
LONDON PASSENGER TRANSPORT BOARD											
127½	121	4½% "A" 1985-2023.....	122½	122½	+	3 11	0	0	0(a)	0(b)	0(c)
138	133½	5% "A" 1985-2023.....	134½	134½	+	3 11	0	0	0(a)	0(b)	0(c)
111	106	5% "B" 1945-72.....	109	109	+	2 18	0	0	0(a)	0(b)	0(c)
131½	128	5% "B" 1945-72.....	128½	128½	+	3 9	6	6	6(a)	6(b)	6(c)
124½	121	5% "B" 1945-72.....	122½	122½	+	3 15	6	6	6(a)	6(b)	6(c)
100½	95½	Met. Wat. Bd. "B" 3%.....	97½	97½	+	3 1	6	6	6(a)	6(b)	6(c)
123½	119	Port of London 5% 1950-70	121	121	+	3 4	0	0	0(a)	0(b)	0(c)
British Railways											
54½	45½	G. Western Ord. Stk.....	50	50½	+	5 18	10	10	10(a)	10(b)	10(c)
77½	48	L. & N.E. Stk. Def. Stk.	63	63	+	10 9	9	9	9(a)	9(b)	9(c)
139	9	Do. 5% Pref. Ord. Stk.	134	134	+	4 2	3	3	3(a)	3(b)	3(c)
30	18½	Do. 4% 2nd Pref. Stk.	30	30	+	128½	116½	116½	116½(a)	116½(b)	116½(c)
76½	55½	Do. 4% 1st Pref. Stk.	75	75	+	54	53	53	53(a)	53(b)	53(c)
29½	17	L.M.S. Ord. Stk. 1923...	28	28	+	5 4	0	0	0(a)	0(b)	0(c)
79½	52½	4% Pref. Stk. 1923...	77	77	+	5 4	0	0	0(a)	0(b)	0(c)
90½	82	4% Pref. Stk. 1923...	87	87	+	5 8	9	9	9(a)	9(b)	9(c)
23	20	Southern Def. Stk. 1923	23	23	+	4 3	0	0	0(a)	0(b)	0(c)
123½	118½	Do. 5% Pref. Stk. 1923	120½	120½	+	4 3	0	0	0(a)	0(b)	0(c)
Dom. & Foreign Bys.											
25½	15½	Antofagasta Ord. Stk.	18	17½	+	Nil	Nil	Nil	Nil(a)	Nil(b)	Nil(c)
11½	6½	B.A. & Pacific Ord. Stk.	7	7	+	Nil	Nil	Nil	Nil(a)	Nil(b)	Nil(c)
23½	14	B.A. & Pacific Ord. Stk.	14	14	+	Nil	Nil	Nil	Nil(a)	Nil(b)	Nil(c)
19½	11	B.A. Western Ord. Stk.	14	14	+	Nil	Nil	Nil	Nil(a)	Nil(b)	Nil(c)
14½	8	C. Argentine Ord. Stk.	12	11½	+	Nil	Nil	Nil	Nil(a)	Nil(b)	Nil(c)
16½	10½	C. Uruguay Monte V. 4%	11½	12	+	Nil	Nil	Nil	Nil(a)	Nil(b)	Nil(c)
90	86	Can. Pac. 1927 Guar. 2%	88½	88½	+	2 5	0	0	0(a)	0(b)	0(c)
96	82	Costa Rica Ord. Stk. 7%	83	83	+	6 1	0	0	0(a)	0(b)	0(c)
12½	6½	Entre Rios Ord. Stk. 4%	84	84	+	Nil	Nil	Nil	Nil(a)	Nil(b)	Nil(c)
104	74	Do. 6% Cum. Pref. Stk.	84	84	+	Nil	Nil	Nil	Nil(a)	Nil(b)	Nil(c)
104	74	Leopoldina Ord. Stk. 4%	84	84	+	Nil	Nil	Nil	Nil(a)	Nil(b)	Nil(c)
62½	47½	Nitrate Rlys. (10) 10%	55½	55½	+	1/3	Nil	Nil	Nil(a)	Nil(b)	Nil(c)
68	46	San Paulo Ord. Stk. 5%	56½	56½	+	3	4	4	4(a)	4(b)	4(c)
80½	14½	Talita Rys. Ord. Stk. 5%	16½	16½	+	6	3	3	3(a)	3(b)	3(c)
82	14½	Utd. Havana Ord. Stk. 2%	24	24	+	Nil	Nil	Nil	Nil(a)	Nil(b)	Nil(c)

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Paid in New Zealand currency. (e) Allowance for rate of exchange. (f) Flat yield. (g) Yield on 3½% basis. (h) Yield on 4% basis. (i) Yield worked on redemption at par on February 1, 1957. (j) Yield worked on redemption at par on April 1, 1961. (k) Paid in Australian currency. (l) Also Centenary Bonus of 2%. (m) Based on payment of 21%. (n) Yield worked on 18% basis. (o) Also Centenary Bonus of 2%. (p) Free of Income Tax. (q) Also bonus 300 per cent. from reserves in "A" shares.

Prices, Jan. 1 to Sept. 2, inclusive							Last two Half-yearly Dividends		Name of Security		Price, Aug. 26, 1936		Price, Sept. 2, 1936		Rise or Fall		Yield, Sept. 2, 1936				
High- est	Low- est	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)		
Miscellaneous																					
34/10½	18/-	7½	3½	4	10	34/6x	34/6x	2	3	0	26/9	23/9	5(c)	5(c)	Aerated Bread £1	25/3	25/6	+ 3d	3 18 3		
12/9	7½	Nil	Nil	Nil	Nil	10/-	10/-	+ 1/3	1	0	37/6	32/-	7(c)	8(c)	Allied Newspapers £1	35/6	35/-	- 6d	4 11 0		
29/-	19/6	3½	2½	4	10	27/6	28/9	...	4	5	3	12	8	7½	Nil(c)	5(c)	Almal Dental Def. £1	17/6x	17/6x	...	5 15 0
10/10½	10/10½	Nil(c)	Nil(c)	Nil(c)	Nil(c)	13/11	13/9	+ 7½d	Nil	0	24/-	22/6	5(c)	6(c)	Almal. Metal £1	28/-	28/6	+ 6d	4 4 0		
28/-	18/10½	2(c)	Nil(c)	Nil(c)	Nil(c)	7/6	7/6	...	Nil	0	34/-	30/6	4½	8½	Almal. Press (10/-)	23/9	23/9	...	4 12 6		
9/9	4/9	Nil	Nil	Nil	Nil	25/-	25/-	...	2	8	0	13/11	10/3	5(c)	5(c)	Army and Navy 10/-	32/6	32/6	...	3 17 0	
29/3	20/-	Nil(c)	Nil(c)	Nil(c)	Nil(c)	27/6	28/9	+ 1/3	3	9	7	108/3	65/-	26½	26½	Assoc. Brit. Picture	13/9x	13/9x	- 1½d	4 16 0	
21/7½	17/-	14½	4½	5	10	19/-	19/3	+ 3½d	6	0	6	74/6	66/3	9	6	Assoc. Newsp. Def. 5-23	100/-	107/6	+ 7/6	3 14 0	
43/8	29/6	24½	7½	6	10	42/6	42/6	...	4	17	9	58/6	49/6	m29(c)	m29(c)	Barker (John) £1	80/-x	80/-x	...	3 15 0	
40/3	48/1½	9(c)	11(c)	11(c)	11(c)	60/7½	61/3	+ 10½d	2	9	3	35/9	20/6	2½	5(c)	Berger (Lewis) £1	73/9	73/9	...	4 1 6	
49/8	24/9	3(c)	5(c)	5(c)	5(c)	58/9	58/9	...	3	8	1	22/3	16/6	3	4	Boot's Pure Drug 5/-	57/6	58/-	+ 6d	2 10 0	
60/3	50/-	4½	6½	6½	6½	58/9	58/9	...	3	8	1	22/3	16/6	3	4	Borax Deferred £1	35/6	35/6	...	2 16 6	
36/3	29/6	7½	13½	6½	6½	58/9	58/9	...	3	8	1	22/3	16/6	3	4	Bovril Deferred £1	20/-	21/3	+ 1/3	3 15 3	
39/3	31/-	5(c)	5(c)	5(c)	5(c)	58/9	58/9	...	3	8	1	22/3	16/6	3	4	Bowaters Paper Mills £1	36/6	36/6	...	4 2 0	
34/9	25/9	3(c)	2½	2½	2½	58/9	58/9	...	3	8	1	22/3	16/6	3	4	British Aluminium £1	40/6	42/6	+ 1/-	3 11 0	
15/9	13/9	3(c)	2½	2½	2½	58/9	58/9	...	3	8	1	22/3	16/6	3	4	Brit. Amer. Tobacco £1	6½	6½	...	3 4 0	
33/1½	29/3	Nil(c)	1½	1½	1½	32/3	32/3	...	0	1	90	88/4	88/4	25	15	Brit. Oxygen £1	117/6	118/9	+ 1/3	2 12 6	
22/6	19/3	Nil	Nil	Nil	Nil	18/9	18/9	...	0	1	90	88/4	88/4	25	15	Callees "A" Ord. £1	94	94	...	4 4 0	
11/9	7/3	Nil(c)	2½	2½	2½	18/9	18/9	...	0	1	90	88/4	88/4	25	15	Corra (E. K.) Ord. 5/-	27/6	25/-	- 2/6	8 0 0	
72½	47½	Nil	Nil	Nil	Nil	36/3	36/3	...	0	1	90	88/4	88/4	25	15	Critical Manufg. Ord. 5/-	27/6	27/6	...	Nil	
36/3	29/3	4½	2½	2½	2½	33/3	33/3	...	0	1	90	88/4	88/4	25	15	De Havilland Aircraft	75/-	75/-	...	2 13 6	
38/6	29/6	6(c)	2½	2½	2½	33/3	33/3	...	0	1	90	88/4	88/4	25	15	Dunlop £1	36/3	36/3x	- 1/3	5 11 0	
37/6	29/6	6(c)	2½	2½	2½	33/3	33/3	...	0	1	90	88/4	88/4	25	15	Eastwoods Ord. £1	24/6	23/3	- 1/3	5 7 9	
37/1½	27/6	Nil(c)	2½	2½	2½	33/3	33/3	...	0	1	90	88/4	88/4	25	15	Elec. & Musico. £1	27/6	27/-	- 6d	6 8 6	
153/9	138/9	12½	2½	2½	2½	33/3	33/3	...	0	1	90	88/4	88/4	25	15	Fairley Aviation 10/-	23/6	24/6	+ 1/-	2 0 0	
92/6	66/3	10(c)	10(c)	10(c)	10(c)	33/3	33/3	...	0	1	90	88/4	88/4	25	15	Finlay (James) & Co. £1	62/6	65/-	+ 2/6	3 1 0	
8/6	5/3	5(c)	6½	6½	6½	6/3	6/3	...	5	5	0	150/-	125/-	5½	19½	Gallaher Ltd. Ord. £1	143/11	143/11	...	3 10 6	
10/4½	6/10½	Nil	Nil	Nil	Nil	6/3	6/3	...	5	5	0	150/-	125/-	5½	19½	Gaumont-Brit. (10/-)	14/-	14/-	...	3 1 9	
15/4½	9/9	Nil	Nil	Nil	Nil	6/3	6/3	...	5	5	0	150/-	125/-	5½	19½	Gestetner (D.) (5/-)	47/6	48/9	+ 1/3	3 12 0	
9/6	5/3	Nil	Nil	Nil	Nil	11/-	11/11	+ 3½d	Nil	0	141/3	123/9	15	5	Harrisons & Cros. Def. (£1)	132/6	132/6	...	3 19 6		
66/9	47/6	13½	10(c)	10(c)	10(c)	8½	8½	...	Nil	88/-	77/9	11	5	Harolds £1	29/-	29/3	+ 3d	3 8 6			
61/-	47/9	5½	2½	2½	2½	53/9x	53/9x	+ 2/6	2	15	10	37/3	27/6	20	20	Hawker Aircraft £1	5/9	6/-	+ 3d	Nil	
47/6	37/3	2½	7½	7½	7½	43/11	43/11	...	4	12	6	67/6	52/6	2½	5½	Home & Col. Stores 4/-	55/-	55/-	...	2 11 0	
33/6	29/3	3(b)	3(b)	3(b)	3(b)	30/-	30/-	...	4	19	0	83/3	78/6	10	70	Imperial Chem. Ord. £1	39/9	40/-	+ 3d	4 0 0	
71/3	56/3	+ 10(c)	+ 12½	+ 12½	+ 12½	60/-	65/-	+ 5/-	4	19	0	83/3	78/6	10	70	Imperial Smeltg. Ord. £1	16/-	16/-	...	Nil	
65/-	47/6	6	50Lre	50Lre	50Lre	63/6	65/-	+ 2/6	3	12	9	121/3	112/6	22½	22½	Imperial Tobacco £1	8½	8½	...	5 6 6	
20/7½	11/3	2(a)	2(a)	2(a)	2(a)	13/9x	15/7½x	+ 1/10	5	15	0	38/3	26/3	12	18	Inter. Nickel of Can.	25/3	27/6	+ 6d	5 2 0	
55/6	43/6	6(c)	8(c)	8(c)	8(c)	55/-	55/-	...	2	18	0	63/3	55/3	10	10	International Tea 5/-	73/6x	73/6x	...	3 5 0	
114/6	98/9	5(c)	15(b)	15(b)	15(b)	112/6	113/9	+ 1/3	3	2	6	102/6	82/6	15	2½	London Brick £1	73/6x	73/6x	...	3 5 0	
92/6	77/6	5(c)	10(b)	10(b)	10(b)	90/-	91/3	+ 1/3	3	5	0	102/6	82/6	15	2½	Lyns (J.) Ord. £1	63/3	63/9	+ 7½d	4 6 0	
88/6	60/-	6(c)	6½	6½	6½	82/6	82/6	...	0	15	0	57/6	44/6	24	24	Manit & Garton £1	88/9	88/9	...	2 5 0	
92/3	18/9	Nil	Nil	Nil	Nil	86/6	86/6	...	Nil	51/6	41/9	12½	74	74	Maypole Dairy 2/-	2½	2½	...	3 16 0		
92/7½	74/-	10(c)	15(c)	15(c)	15(c)	86/6	87/-	+ 6d	3	8	0	57/6	44/6	24	24	Phyllis (Godfrey) £1	51/3	51/3	...	4 8 0	
7½	44/9	5(a)	5(b)	5(b)	5(b)	52/6	52/6	+ 2/6	3	12	9	121/3	112/6	22½	22½	Pinchin Johnson 10/-	60/-	49/-	- 1/-	4 2 0	
32/6	25/3	4(c)	6(c)	6(c)	6(c)	31/6	32/6	...	3	13	3	19/6	16/-	18½	15½	Radiation Ord. £1	118/9x	118/9x	...	4 6 0	
80/-	76/6	Nil(c)	6(a)	6(a)	6(a)	77/6x	77/6x	...	3	17	6	53/4	45/4	15	15	Reckitt & Sons Ord. £1	20/-	21/3	+ 1/3	6 2 3	
39/3	36/6	4½	3½	3½	3½	37/6	37/6	...	4	1	0	85/6	62/6	14	14	Sears (L.) Ord. 5/-	101/3	100/-	- 1/3	4 0 0	
40/4½	52/6	7½	3(a)	3(a)	3(a)	54/6	54/6	...	3	17	0	122/4x	85/3	30	60	Smithfield & Arg. Meat	64/-	64/-	+ 6d	4 12 0	
60/9	41/-	3½	4½	4½	4½	45/-	45/-	...	3	19	0	82/4x	65/3	10	10	Spillers Ord. £1	50/6	51/-	+ 6d	5 17 6	
54/3	39/7½	2½	5(b)	5(b)	5(b)	51/-	51/-	...	3	18	3	99/3	70/3	10½	3½	Do. Deferred £1	18/9	18/9	...	Nil	
43/8	30/6	7(b)	3(a)	3(a)	3(a)	41/-	41/-	...	3	14	0	86/-	29/3	3½	3½	Swed. March B. (Kr. 25)	89/4	89/4	...	4 2 0	
37/3	32/6	2½	5(b)	5(b)	5(b)	36/-	36/-	...	3	6	6	67/-	61/-	7½	5	Tilling, Thos. £1	75/-	77/6	+ 2/6	2 10 6	
62/6	53/9	8½	2½	2½	2½	57/1½	57/6	+ 4½d	3	9	0	27/9	21/3	8	8	Tobacco Secs. Ord. £1	82/6	81/3	- 1/3	3 15 0	
44/3	40/-	2½	5½	5½	5½	42/6	42/6	...	3	15	3	180/3	133/6	28	30	Triplex Safety G. (10/-)	122/6x	121/3	- 1/3	5 0 0	
28/6	27/3	5½	5½	5½	5½	27/9	27/9	...	4	0	6	152/6	116/10	70	30	Tube Investments £1	72/-x	72/6	+ 6d	2 15 0	
189	135	4(a)	6(b)	6(b)	6(b)	148½	149	- 8½	7	2	10	68/-	57/1½	75(c)	85(c)	Turner & Newall £1	35/7½	34/4x	1/3	3 16 6	
23/6	24/10½	2½	2½	2½	2½	126½	126½	...	4	1	11	11/10½	9/4	75(c)	85(c)	Unilever £1	62/6	62/6	...	4 0 0	
31½	19½	Nil	Nil	Nil	Nil	22	22	...	Nil	102/6	68/3	13½	6½	6½	6½	United Molasses 6/8	25/-	25/-	...	2 0 0	
9½	6	Nil(c)	6(c)	6(c)	6(c)	102	102	...	5	8	0	15½	13½	90	95	Unt. Tob. (Shanghai) Ord. £1	180/-	180/-	...	3 6 0	
115½	100½	4½	5½	5½	5½	102	102	...	4	6	9	11½	9½	36½	37½	Wallpaper Mrs. Def. £1	52/6	53/9	+ 1/3	4 12 0	
46	39½	20(c)	2½	2½	2½	33/9	35/-	+ 1/3	4	6	9	81/3	72/6	20	20	Wiggins, Teape Ord. £1	42/9	42/9	...	4 3 3	
38/9	29½	2½	5(b)	5(b)	5(b)	33/9	35/-	...	4	6	9	81/3	72/6	20	20	Woolworth (F.W.) Or. 5/-	152/-	150/-	- 2/-	3 7 0	
50/-	41/9	5½	2½	2½	2½	48/1½	48/9	+ 7½d	3	5	6	83/6	51/7	40	27½	Asanti Goldfields (4/-)	63/3	64/-	+ 9d	5 5 0	
55/1½	40/9	50(c)	50(c)	50(c)	50(c)	54/4½	54/4½	...	4	12	3	82/1	57/10	10	12½	Burma Corp. (Rs. 9)	10/6x	10/4x	- 1½d	10 12 0	
15/4½	9/3	Nil	Nil	Nil	Nil	15/-	14/9	- 3d	Nil	38/9	38/9	27/7½	27½	27½	27½	Commonwealth Mng. 5/-	9/-	7/10½	- 1/11	Nil	
40/-	30/-	+ 116½	33½	33½	33½	38/9	40/-	+ 1/3	3	15	0	25/12	12/-	12	12	Cons. Glids. of S. Af. £1	101/3	100/-	- 1/3	4 0 0	
37/-	30/1	Nil(c)	5(c)	5(c)	5(c)	33/1½	33/1½	...	3	11	0	47/10½	39/10½	1/6	1/2	Cons. Mines Selection 10/-	38/-	37/-	- 1/-	7 8 0	
48/-	2/9	Nil	Nil	Nil	Nil	39/4	39/4	...	3	10	0	22/12	12/-	12	12	Crown Mines 10/-	15½	15½	...	6 3 0	
71/4½	61/8	10(c)	2½	2½	2½	111/3	112/6	+ 1/3	3	2	0	198/6	165/7½	2/6	5/6	Geduld £1	75/4	75/4	...	7 0 0	
118/9	74/9	12½	17½	17½	17½	33/9x	33/9x	...	4	9	0	14½	14½	10	10	Johan. Cons. £1	21/9	21/6	+ 3d	9 5 0	
34/3	31/3	3½	3½	3½	3½	13/9	13/9	...	5	8	3	56/10½	3								

(Continued from page 445)

PARIS

SOMEWHAT irregular movements in the past month tended to obscure the slight improvement that took place as compared with the intensely depressed conditions of July, when prices reached their lowest since the stabilisation of the franc in 1928. Although the advance in Rentes was, on balance, small, and movements in bank shares varied, the rise as compared with last month in many leading industrial issues was marked. Improvement came by small degrees in spite of occasional bad sessions. The war in Spain had a very unsettling effect at the end of the first week in the month, and, combined with the smallness of the amount of business, has been an effective check to any considerable expansion. Fears of the effect on costs of the labour legislation were diminished by the soothing influence of the Parliamentary recess. The Finance Minister's statements on the disclosure of foreign balances, although a subject of much discussion, did not have any noticeable effect. The Schacht-Labeyrie conversations were also much commented upon; the results were, however, thought to be rather meagre, and after Dr. Schacht's departure the tone on the Bourse became a little hesitant following several days of activity.

	July 29, Aug. 17, Sept. 2, 1936	1936	1936		July 29, Aug. 17, Sept. 2, 1936	1936	1936
Banque de France	5,625	5,650	6,085	Wagons Lits.	394	384	384
Credit Lyonnais	1,048	1,121	1,141	Mexican Eagle	974	101	110
Suez Canal	19,750	19,680	19,250	"Chartered"	111	1234	124
Chargeurs Réunis.	188	184	198	Ford	35	35	34
Rio Tinto	960	1,012	1,042	De Beers	646	653	730
Royal Dutch	28,500	29,405	29,770	"Johnnies"	301	297	325

BERLIN

THE share market in August was very weak, and quotations of the leading securities went back to about the level of April. The immediate causes of this decline were the Spanish Civil War with its risk of international complications, the continuing tightness of money in consequence of the Reich Loan flotation, and finally the increase in Reich Corporation Tax rates. It is probable that these events would have depressed the market less had they not come after a prolonged rise. Indeed, official and bank pronouncements before August were to the effect that shares were higher than their limited dividend yields and prospects warranted. The heaviest falls occurred on the news of a German protest to Madrid over the Kamerun incident and of the Corporation tax measure. Although the volume of selling was never very large, all groups of industrials and also bank shares declined heavily, but little change occurred in the already depreciated shipping issues. The home bonds market was inert, with occasional active buying and selling of Reich Valorisied Loan. Young Loan (Reichsmark issue) advanced. Austro-Hungarian and Mexican loans were the most active among foreign-currency issues. Certificated dollar bonds were little quoted, but many of the industrials gained slightly. The official index numbers for securities (1924-26 = 100) in July were: shares 103.07, as against 101.64 for June; bonds 95.94, against 95.82.

	July 29, Aug. 17, Sept. 2, 1936	1936	1936		July 29, Aug. 17, Sept. 2, 1936	1936	1936
Reichsbank	195.25	188.50	183.50	A. E. G.	38.75	37.50	36.90
D.D. Bank	103.75	102.00	98.75	Siemens & Halske	203.00	191.00	184.25
Dresdner	104.00	102.00	99.00	A. K. U.	58.10	62.00	64.10
I.G. Farben-	170.25	165.00	160.00	Hamburg-Amer.	15.75	14.75	13.75
Industrie	170.25	165.00	160.00	("Hapag New")	15.75	14.75	13.75
Norddeutscher	16.75	15.00	14.00				
Lloyd (New)	16.75	15.00	14.00				

AMSTERDAM

No marked trend emerged during August. Although on certain days the holiday atmosphere caused listlessness, the market responded with reasonable alertness to day-to-day events. In the earlier part of the month Wall Street activity and some demand for leading issues from Paris were good influences. Later, the depressing foreign news caused nervousness, but the Bourse on the whole resisted the united onslaught of war in Spain and extended conscription in Germany. The reaction on Wall Street brought a weakness which was offset at a rather slow rate as recovery took place. The tendency in the commodities section was erratic, the governing factor in rubber issues being estimates of the chances of restriction by native producers in the Netherlands East Indies.

	July 29, Aug. 17, Sept. 2, 1936	1936	1936		July 29, Aug. 17, Sept. 2, 1936	1936	1936
2½% Dutch Loan.	74½	74½	75½	Steel Common	394	404	424
5½% German	214	214	214	A. K. U.	24	25	24½
Unilever N.V.	121½	119	116½	Ford Motor	200	206	215½
Phillips Lamps	162½	160	164	Deli Batavia Tob.	192	189	184½
Netherlands Ship	46½	50½	53½	Royal Dutch	275½	282½	285½
Union	46½	50½	53½	Handels Ams.	277½	284½	287½

CAPITAL ISSUES

ISSUES OF THE WEEK

January 1 to August 29, 1936, including conversions, Old Basis, £302,293,228.
January 1 to August 29, 1936, excluding conversions, Old Basis, £124,909,141.
January 1 to August 29, 1936, including conversions, New Basis, £328,200,659.
January 1 to August 29, 1936, excluding conversions, New Basis, £232,007,682.

National Savings Certificates, Net receipts week ended August 29, 1936, Nil.

TOTALS OF CAPITAL ISSUES DURING WEEK

TOTALS OF CAPITAL ISSUES

	Nominal Capital	Conversions	New Money
	£	£	£
To the Public	61,000		122,000
To Shareholders only	Dr 212,256		Dr 212,256
By Stock Exchange Introduction	850,000		909,411
By Permission to Deal	59,624		168,872
Total Capital raised—			
Including Conversions	£	£	£
Excluding Conversions	£	£	£
January 1 to date—			
1936 (New Basis) ...	327,188,686	232,995,709	
1936 (Old Basis) ...	302,202,972	124,818,885	
1935 (New Basis)* ...	339,742,150	218,627,988	
1935 (Old Basis) ...	251,987,913	127,004,840	
January 1 to date (Old Basis) ...	291,847,297	117,324,559	
1934 ...	231,027,427	133,801,861	
1933 ...	456,647,587	284,546,694	
1928 ...			

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	80,029,967	28,926,504	124,039,238	232,995,709
1936 (Old Basis)	62,777,798	14,492,182	47,548,905	124,818,885
1935 (New Basis)	95,007,433	40,117,730	83,502,825	218,627,968
1935 (Old Basis)	72,610,751	25,746,587	28,647,502	127,004,840
Whole year—(Old Basis)				
1928	212,917,900	45,062,600	111,177,800	369,153,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,698,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in thirty-six weeks ended September 7, 1935.

PUBLIC OFFER

Great Northern Stores.—Issue of 1,220,000 1s. shares at 2s. To form chain of 16 drapery, etc., stores, and acquire ladies' clothing manufacturing business; sale of fixed price goods to be established. Shops, as going concerns, valued at £35,990, excluding stock and goodwill. Aggregate profits of businesses to be acquired, after depreciation, years to March 31:—1934, £14,195; 1935, £15,914; 1936, £18,793. Purchase price to Allnatt Holding Co., £92,625 (of which £7,500 for stock) payable by £80,625 cash and £12,000 in 240,000 1s. shares. Goodwill, £49,135. Other stock-in-trade to be purchased for about £14,000. List closed 9.5 a.m., 1st September, Oversubscribed.

ISSUES TO SHAREHOLDERS ONLY

Central Commercial Properties.—Issue of 89,944 2s. shares at par (one new for each ten held on July 14th).

BY STOCK EXCHANGE INTRODUCTION

Mason and Burns, Ltd.—Issued capital 500,000 2s. ordinary shares. Acquires a Birmingham business founded in 1908. Malleable iron founders. Surplus liquid assets acquired £21,178; plant, machinery, etc., £14,530. Purchase price, £61,667 (goodwill, £28,643), payable by £45,000 cash and 166,667 2s. ordinary shares. Profits, years to June 30: 1934, £8,353; 1935, £12,388; 1936, £15,948.

R.F.D. Company, Ltd.—Issued capital, 500,000 2s. shares. Acquires aeronautical equipment manufacturing business at Guildford, founded 1920. Net assets, £38,000 (including £16,600 goodwill) acquired for £38,000, payable by £19,000 cash and £19,000 in 190,000 2s. shares. Profits, after depreciation: 1933, £2,251; 1934, £3,531; 1935, £5,096; seven months to July 31, 1936, £3,968.

PRIVATE PLACING

Second Great Northern Investment Trust.—This company has placed privately £100,000 three-and-a-half per cent. debenture stock, 1951-56.

CONVERSIONS AND REPAYMENTS

Barrier South, Ltd.—Shareholders in Barrier South, Ltd., which was formed in 1913 as a reconstruction of Broken Hill South Extended, Ltd., are reminded that until September 15th their shares may be exchanged for those of New Broken Hill Consolidated, Ltd. The proportion is five shares in New Broken Hill Consolidated for each preference share in the old company and one for every two ordinary shares. Such shareholders have also the right to apply for and be allotted additional shares in New Broken Hill Consolidated on the same basis.

Anglo-South American Real Property.—All 5 per cent. debentures will be redeemed at 102 per cent. on March 1, 1937. Debentureholders are, however, offered cash at the rate of 103 per cent. for immediate surrender of all or part of their holdings, ex the interest due September 1, 1936. The offer remains open up to September 30.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Aug. 26, 1936	1 rice, Sept. 2, 1936
Burton (M.) Shop 5% Pref	21/-	...	21/9-22/9	22/3-22/9
Do. do. 4% Debts.	101	...	100-101	100-101
Groves (John) Ord.	20/-	...	4/10-5/11 pm	24/9-25/3
Do. 5% Pref.	20/-	...	1/7-1/10 pm	21/6-22/1
McCarthy Rodway Ord. £1	...	...	44/3-45/3	44/3-44/9
New Broken Hill 5/-	...	...	2/-2/6 pm	2/10-3/4 pm
Scophony 5/-	...	...	8/6-9/-	8/4-8/10
Sydney C.C. 4%	99	29	1½-2½ pm	1½-2½ pm
Tarran Industries 2/-	...	...	2/4-2/7½	2/4-2/10½

COMPANY MEETINGS, &c.

GOLD CORPORATION, LIMITED

DIVIDEND PROSPECTS

The second ordinary general meeting of the Gold Corporation, Limited, was held, on the 31st ultimo, at Winchester House, London.

Major W. A. Wills (chairman and managing director) said that at the close of the financial year their liquid assets were valued at a little over £210,000, against an issued and paid-up capital of £207,698, with contingent liabilities of some £2,298, so that their whole capital was about covered by liquid assets. The bulk of their capital had been invested on the Rand. Australian gold mining, of which they held considerable expectations two years ago, had been rather a disappointment. The best one could say about it was that shares like Wiluna and Lake View and Star gave a very good return—something like 10 per cent. on the present market value of the shares.

Two years ago, in the expectation of opening up new business in Australia, they had sent out an experienced engineer, Mr L. C. Stuckey to open an organisation in Victoria. Sir Herbert Gepp, who had been their director there from the start, had advised them to secure a substantial interest in the Monument Hill Consolidated (Bendigo). Some time ago Mr Stuckey estimated the profits would enable the company to pay a fair dividend on its capital, and Sir Herbert Gepp, who was a director of Monument Hill, wrote on July 11th that Monument Hill, he was sure, would give a good account of itself.

As they had told shareholders last year, they had secured a prospecting licence from the Victorian Government for a large area in the Castlemaine district, and had finally selected for development two areas of mining ground known as the Nelson and Quartz Blocks. They had not succeeding in finding payable ore on the Nelson ground and had agreed that the best thing to do was to shut the work down and face their loss, which fortunately had not been at all heavy. The Quartz Block was showing values sufficiently encouraging to induce them to continue, but it was too early yet to know whether they had a payable mine or not.

Their interests in Australia, apart from their shareholdings in Wiluna and Lake View and Star, had been held on joint account with the Nigel Van Ryn Reefs. In order to simplify bookkeeping, etc., they had formed a separate company to operate those joint holdings under the name of the Australian Gold Reefs Corporation.

AN INTEREST IN KENYA

They had done a piece of new business which he thought was worth mentioning. They had taken an interest with Sir Edmund Davis and another prominent mining group in the reorganisation of the Kenya Consolidated Goldfields, Sir Llewellyn Andersson, one of their Johannesburg directors, thought well of the proposition, which he recommended them to take up and had asked them to reserve a participation for him.

He supposed shareholders would like him to say something about the prospects of a dividend. They had been close to it recently and had called into consultation their auditors, who had told them that they could not do it in view of the depreciation on their Australian holdings. Since March 31st they had done quite well, but he was not going to say more than that he would not be surprised if they were able to declare an interim dividend fairly soon. At any rate, they had made money since the close of the financial year and they had no debts. Their future naturally depended on the prospects of gold mining, and gold shares to-day were almost entirely a matter of the gold premium. The latter had probably doubled the amount of payable gold ore available in the world's goldfields, besides perhaps trebling their divisible profits or more. As far as he was concerned, he had expected the price of gold by now to be higher than it was, instead of which it had declined from about 149s. to 138s. per oz. in spite of immense purchase of gold by the world's banks. The fall in the price of gold must be attributed to the increased production. What the future would be in that direction depended not only upon outputs but upon politics. If, as was possible, the whole world shortly developed into a battlefield between the extreme Right and extreme Left, gold might soar to great heights, as, after all, it was the only international money in times of war. If the world remained in its present state, then gold might remain at its present price or even become cheaper.

The report was unanimously adopted.

ISMAY INDUSTRIES, LIMITED

PROSPEROUS AND EXPANDING BUSINESS

The first ordinary general meeting of Ismay Industries, Limited, was held, on the 3rd instant, at Southern House, E.C.

Mr John Ismay (chairman and managing director) said that they were a holding company, roughly half their capital being invested in the electric lamp trade and associated businesses, and the other half in a number of different enterprises. In the lighting trade they were well established and had nothing to fear, their trade progressing steadily in both domestic and speciality lamps. They were recognised as one of the standard lamp manufacturers, and whatever they did in the present year he was sure that their returns from that part of the business would be at least equal to those of the period under review.

Their investments in associated companies represented holdings and interests in about fifteen different companies, the principal of which was the Sterling Works, Dagenham, an estate of about twenty acres containing a number of entirely separate freehold factories. One of those works manufactured Halcyon Radio sets, Electrix electric sweepers and electric clocks. Their radio sets were now so good that they were selling them on a two years' guarantee of full replacement of all parts, which had never been done in the radio trade before. They had disposed of the whole of the output budgeted for.

The summer had been an unfavourable one for refrigerators, but they had, nevertheless, sold 3,000 Zeros refrigerators, which gave an idea of what could be done in a favourable year. The Kniveton Cable Company was progressing in its manufacture of flex and small cables. They had just completed a new factory at Dagenham for batteries, and they were going ahead with their factory for paper cables. The sweeper business was progressing favourably, and they had overcome the initial difficulties with regard to electric clocks.

Half their money was invested to bring them in a steady return sufficient to pay the preference dividend and 8 per cent. or 9 per cent. on the ordinary shares, and in years to come the other half would probably bring them in a bigger revenue, but that would take time.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended August 29, 1936, amounted to £8,301,000, against ordinary expenditure of £9,714,000. After allowing for an increase in Exchequer Balances of £1,075, the operations for the week, as shown below, increased the gross National Debt by £1,414,000 to approximately £7,985* millions.†

	(000's omitted)		
Public Department Advances.....	+ 4,700	Treasury Bills	- 2,936
		P.O. & Tel. Capital Exp.	- 350
	+ 4,700		- 3,286

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

A complete analysis of the approximate position of the National Debt at June 30, 1936, appeared in the *Economist* of July 4, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to August 31, 1935	April 1, 1936, to August 29, 1936	Week ended August 31, 1935	Week ended August 29, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	46,404,000	40,676,000	2,557,000	2,905,000
Sur-tax	56,500,000	5,350,000	5,370,000	70,000	50,000
Stamp Duty	89,000,000	37,700,000	34,980,000	1,410,000	1,170,000
Stamp	27,000,000	7,340,000	7,560,000	730,000	660,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	130,000	120,000	10,000	...
Total Inland Revenue	433,000,000	96,924,000	88,716,000	4,777,000	4,185,000
Customs and Excise—					
Customs	207,525,000	81,405,000	85,248,000	3,354,000	4,409,000
Excise	110,000,000	43,200,000	43,179,000	700,000	679,000
Total Customs and Excise	317,525,000	124,605,000	128,427,000	4,054,000	5,088,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,138,000	1,457,000	Dr. 400,000	Dr. 233,000
Post Office (Net Receipt)	11,256,000	7,650,000	7,000,000	Dr. 550,000	Dr. 900,000
Crown Lands	1,350,000	610,000	620,000	...	100,000
Receipts from Sundry Loans	5,000,000	2,937,816	2,670,508	...	...
Miscellaneous Receipts	25,250,000	10,398,382	9,255,736	29,000	60,722
Total Ordinary Revenue ...	798,381,000	244,263,208	238,146,241	7,910,000	8,300,722

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Aug. 31, 1935	April 1, 1936, to Aug. 29, 1936	Week ended Aug. 31, 1935	Week ended Aug. 29, 1936
SELF-BALANCING REVENUE					
Post Office	69,344,000	24,300,000	26,100,000	1,750,000	2,300,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	6,580,000	6,730,000	400,000	350,000
Total Self-balancing Revenue	95,844,000	30,880,000	32,830,000	2,150,000	2,650,000
Total	...	275,143,208	270,976,241	10,060,000	10,950,722

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Aug. 31, 1935	April 1, 1936, to Aug. 29, 1936	Week ended Aug. 31, 1935	Week ended Aug. 29, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	95,318,401	94,557,057	266,261	215,334
Payments to Northern Ireland	7,500,000	2,073,536	2,486,842	230,393	312,464
Other Consolidated Fund Services	3,200,000	1,252,085	999,811	26,259	...
Post Office Fund	600,000	...	...	...	...
Total	235,300,000	98,644,022	98,043,710	522,913	527,798
Total Supply Services (excluding Post Office)	570,989,000	195,011,098	205,629,949	9,843,298	9,185,849
Total Ordinary Expenditure	806,289,000	293,655,120	303,673,659	10,366,211	9,713,647
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	24,300,000	26,100,000	1,750,000	2,300,000
Road Fund	26,500,000	6,580,000	6,730,000	400,000	350,000
Total Self-Balancing Expenditure	95,844,000	30,880,000	32,830,000	2,150,000	2,650,000
Total	...	324,535,120	336,503,659	12,516,211	12,363,647

† Estimated Expenditure as per Financial Statement (H.C. 77) 797,897,000

Add: Supplementary Estimates	33,972,000
Less: Provision made in the Budget	25,600,000
	8,372,000
	806,269,000

The aggregate revenue from April 1 to August 29, 1936, is shown below:—

(000's omitted)		Revenue	235,146
Expenditure	303,673	Gross borrowing	£68,126
Increase in balances	44	Less: New Sinking Fund*	2,555
		Net borrowing	65,571
	303,717		303,717

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Fund in 1936 by borrowing.

POSITION OF THE FLOATING DEBT

	Aug. 31, '35	Mar. 31, '36	Aug. 29, '36	Aug. 29, '36
	£	£	£	£
Ways and Means Advances Outstanding	...	...	...	...
Advances by Bank of England.....	19,700,000	19,055,000	29,720,000	+ 4,700,000
Advances by Public Departments...	...	...	...	...
Treasury Bills outstanding.....	878,510,000	763,115,000	795,270,000*	- 2,935,000
Total Floating Debt	898,210,000	782,170,000	824,990,000	+ 1,765,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on August 28, 1936. The amount applied for was £73,960,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday, at £99 17s. 4d., about 53 per cent. and above in full; The average rate per cent. was 10s. 7-31d. The amount allotted was £45,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	76,280,000	30,000,000	0 18 11-5
July 6, 1934	35,000,000	62,745,000	32,000,000	0 18 4-14
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1-84
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4-32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10-72
April 3, 1936	40,000,000	76,280,000	40,000,000	0 10 2-78
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1-27
August 21, 1936	45,000,000	74,540,000	45,000,000	0 10 5-95
August 28, 1936	45,000,000	73,960,000	45,000,000	0 10 7-31

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended August 15, 1936	558,273	£417,205
Week ended August 22, 1936	577,809	£433,357
February, 1916, to August 22, 1936	1,268,664,478	£997,936,195

At the end of July, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,704,207.

The OCEAN

Accident & Guarantee Corporation, Limited
Head Office: 36-44 Moorgate, London, E.C.

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, September 2, 1936
ISSUE DEPARTMENT

Notes Issued:—				
In Circulation	445,783,915	Government Debt	11,015,100	
In Banking Department	59,621,419	Other Government Securities	246,348,405	
		Other Securities	2,244,813	
		Silver Coin	396,682	
		Amount of Fiduciary Issue	280,000,000	
		Gold Coin and Bullion	245,405,334	
	505,405,334		505,405,334	

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	85,708,337
Reserve	3,694,098	Other Securities	18,053,141
Public Deposits	18,053,141	Discounts	£10,621,347
Other Deposits	£101,067,322	Securities	£19,086,115
Other Accounts	£38,761,956		29,707,482
	139,829,278	Notes	59,621,419
		Gold and Silver Coin	1,092,289
			176,129,517

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

Both Departments	Amount, Sept. 2, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Notes circulation	445,783,915	+ 2,374,617	+ 44,161,748
Public deposits	18,053,141	+ 823,571	+ 12,193,116
Bankers' deposits	101,067,322	+ 155,919	+ 1,004,721
Other deposits	38,761,956	+ 921,700	+ 115,574
Total outside liabilities	603,666,334	+ 4,275,807	+ 57,475,159
Capital and res.	18,247,098	+ 19,081	+ 13,305
Government debt and securities	343,066,842	+ 1,445,911	+ 2,031,708
Discounts and advances	10,621,347	+ 1,419,695	+ 3,489,156
Other securities	21,330,928	+ 835,309	+ 7,648,406
Silver coin in issue department	396,682	+ 59,178	+ 1,141,661
Coin and bullion (bank's reserves)	246,497,633	+ 653,151	+ 52,382,555
Reserves of notes and coin in banking department	60,713,718	+ 1,721,466	+ 8,220,807
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	38-4%	- 1-6%	+ 2-1%
(b) Gold stocks to deposits and notes ("reserve ratio")	40-8%	- 0-2%	+ 5-3%

(000's omitted)		Banking Department		Gold in or out of Bank	
Date	Issue Department	Public Deposits	Bankers' Deposits	Other Deposits	Bank Rate
1936					
Aug. 12	505,960	450,285	17,418	97,990	37,981
" 19	505,789	444,540	23,562	95,966	39,858
" 26	504,755	443,409	17,230	100,911	37,840
Sept. 2	505,405	445,784	18,053	101,067	39,762

(000's omitted)		Both Depts.		Banking Department		Reserve and the "Proportion"	
Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"
1936							
Aug. 12	257,330	2,137	244,011	89,613	8,339	19,290	53,726
" 19	256,999	2,515	244,862	86,408	9,677	21,282	60,322
" 26	256,863	2,882	245,844	84,758	9,202	17,814	62,435
Sept. 2	257,358	2,245	246,498	85,708	10,621	19,088	60,714

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Town	Metropolitan	Country	Total
January 1 to August 19	21,212,118	1,298,614	2,229,139	24,739,871
Week ended August 26	592,901	31,405	56,675	680,981
Week ended September 2	727,576	33,576	57,521	818,673
Total to date, 1936	22,532,595	1,363,595	2,343,335	26,239,525
Total to date, 1935	22,141,908	1,281,262	2,164,864	25,587,932
Increase or decrease in 1936	+ 390,687	+ 82,333	+ 178,471	+ 651,693
	= 1-8%	= 6-4%	= 8-2%	= 2-5%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5-5%	= 7-2%	= 8-1%	= 5-8%

PROVINCIAL

(000's omitted).

	Week ended August 29		Month of August			Aggregate Totals January 1 to August 29	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days:			26	25			
BIRMINGHAM	1,995	1,987	9,207	9,584	+ 4-0	£ 82,247	88,889
BRADFORD	806	987	3,422	3,662	+ 7-0	30,248	39,120
BRISTOL	1,114	1,158	4,914	4,952	+ 0-7	43,304	43,304
DUBLIN	5,161	5,388	21,218	21,293	+ 2-3	183,511	194,587
HULL	651	714	3,218	3,293	+ 2-3	25,227	28,060
LEEDS	638	743	3,594	3,471	- 3-4	31,441	31,907
LEICESTER	503	553	2,505	2,638	+ 5-3	22,691	24,876
LIVERPOOL	4,864	5,783	24,791	24,411	- 1-5	199,226	207,963
MANCHESTER	7,871	8,397	37,798	41,284	+ 9-2	335,195	342,969
NEWCASTLE	1,032	1,205	5,075	5,524	+ 8-8	46,389	44,669
NOTTINGHAM	347	422	2,011	1,967	- 2-1	16,328	16,328
SHEFFIELD	612	772	3,715	4,356	+ 17-2	29,025	34,071
	25,594	28,064	100,250	105,142	+ 4-8	1,042,255	1,091,923

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the Economist for November 9. Turkey, in July 25. International Settlements in August 8. Denmark and Spain in August 15. Bulgaria in August 22. Danzig, Egypt, Estonia, Java, Lithuania and Poland in August 29.

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

FEDERAL RESERVE BANKS - 1935-1936					
U.S.F.R. BANKS RESOURCES	Sept. 5, 1935	Aug. 13, 1936	Aug. 20, 1936	Aug. 27 1936	Sept. 3, 1936
Gold Certificates on hand and due from the Treasury	6,481,630	8,225,040	8,255,040	8,274,030	8,334,030
Total cash reserves	6,708,080	8,528,740	8,550,540	8,571,040	8,615,540
Total bills discounted	206,400	289,980	282,430	282,940	268,880
Bills bought in open market	10,710	7,860	6,480	7,240	8,600
Total bills on hand	4,680	3,090	3,090	3,090	3,090
Industrial advances	15,390	10,950	9,570	10,330	11,690
Total U.S. Govt. securities	29,430	28,780	28,660	28,550	28,520
Total bills and securities	2,430,210	2,430,230	2,430,230	2,430,230	2,430,230
Total resources	2,475,040	2,470,150	2,468,640	2,469,290	2,470,680
	9,792,090	11,712,840	11,722,490	11,685,610	11,748,490
LIABILITIES					
Federal Reserve notes in actual circulation	3,413,930	3,983,470	3,988,050	3,993,660	4,020,920
Aggregate of excess member- bank reserves over requirements	2,670,000	3,170,000	1,810,000	1,890,000	1,960,000
Deposits - Member-bank - reserve account	5,228,150	6,116,080	6,228,520	6,331,500	6,440,620
Government deposits	103,060	338,060	215,420	143,420	107,240
Total deposits	5,524,350	6,790,890	6,785,500	6,811,360	6,827,410
Capital paid in and surplus	312,380	302,190	302,760	302,760	302,750
Total liabilities	9,792,090	11,712,840	11,722,490	11,685,610	11,748,490
Ratio of total reserves to deposit and F.R. note liabilities combined	75-0%	79-2%	79-4%	79-3%	79-4%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	9,209,000	10,661,000	10,678,000	10,695,000	10,717,000
Treasury and National Bank Currency	2,395,000	2,498,000	2,499,000	2,501,000	2,502,000
LIABILITIES					
Money in Circulation	5,650,000	6,170,000	6,184,000	6,184,000	6,225,000
Treasury Cash and De- posit with Federal Re- serve Banks	2,746,000	2,759,000	2,625,000	2,553,000	2,482,000

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

Assets	Aug. 31, 1935	July 31, 1936	Aug. 7, 1936	Aug. 15, 1936	Aug. 22, 1936
Gold	1,366,088	1,440,587	1,450,658	1,461,505	1,471,677
Of which held abroad	206,831	197,506	205,555	215,707	226,399
Discounts	106,883	97,768	130,824	124,249	122,345
Bills of the Confederation	49,845	46,800	46,300	44,800	42,800
Advances	89,442	71,426	65,004	62,754	63,568
Securities	55,218	45,045	42,346	41,990	41,836
LIABILITIES					
Notes in circulation	1,283,020	1,292,225	1,265,944	1,249,825	1,245,014
Deposits	337,614	353,421	418,105	439,379	451,514

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

Assets	Aug. 23, 1935	July 31, 1936	Aug. 7, 1936	Aug. 15, 1936	Aug. 22, 1936
Gold reserve	357,911	433,290	433,290	433,453	433,987
Government securities—Swedish	78,639	28,500	28,500	28,500	28,500
Foreign	49,616	78,810	78,810	75,573	75,573
Gold abroad not included in the gold reserve	—	76,668	76,668	76,643	76,563
Bills payable in Sweden	8,019	11,179	10,837	10,551	10,658
Bills payable abroad	423,347	216,706	211,219	211,228	211,164
Balance abroad	145,891	227,435	237,500	241,305	243,812
Advances	33,647	33,756	34,240	33,666	32,777
LIABILITIES					
Notes in circulation	645,603	779,751	750,276	745,498	728,120
Government deposits	171,782	175,437	158,365	166,032	171,108
Private deposits	290,144	285,584	335,586	334,306	349,425

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

Assets	Aug. 22, 1935	July 31, 1936	Aug. 7, 1936	Aug. 15, 1936	Aug. 22, 1936
Coin and bullion (gold reserve)	118,831	118,866	118,866	118,866	118,866
Balance abroad and foreign bills	23,508	82,791	81,456	83,022	82,484
Funds provisionally placed in gold, not included in the gold reserve	—	66,288	76,248	76,248	76,248
Norwegian and foreign government securities	37,552	42,008	45,274	45,438	46,824
Discounts and loans	195,978	222,548	219,509	220,412	219,351
LIABILITIES					
Notes in circulation	324,824	382,094	378,396	379,416	379,770
Deposits at sight	73,186	118,452	122,396	123,248	122,813

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

Assets	Aug. 7, 1935	July 8, 1936	July 15, 1936	July 22, 1936	July 29, 1936	Aug. 5, 1936
Gold	1,835	1,936	1,936	1,936	1,936	1,936
Balances abroad	409,223	910,271	910,273	910,273	910,436	910,437
Discounts	323,556	346,715	344,425	343,664	343,668	343,668
Securities	70,724	109,774	109,908	110,162	110,510	110,547
Government loans	1,047,483	1,045,511	1,045,511	1,044,860	1,044,860	1,044,860
LIABILITIES						
Notes in circulation	2,102,595	2,108,535	2,077,394	2,084,047	2,087,652	2,111,253
Government deposits	487,267	487,267	487,267	487,267	487,267	487,267
Bankers' deposits	326,193	426,702	447,493	464,581	446,250	441,773
Other deposits	47,084	73,061	58,082	49,462	44,919	36,028
Foreign commitments	21,335	34,672	34,663	34,660	34,655	37,614

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

Assets	Aug. 23, 1935	July 31, 1936	Aug. 7, 1936	Aug. 15, 1936	Aug. 22, 1936
Cash reserve—					
Gold coin and bullion	242,354	242,662	242,678	242,687	242,695
Other foreign exchange	112,113	98,943	108,994	115,018	120,967
Bills discounted	231,501	219,448	218,769	219,241	214,994
Federal debt	624,444	624,444	624,444	624,444	624,444
LIABILITIES					
Notes in circulation	875,437	951,933	894,427	896,756	866,445
Deposits	324,784	232,238	297,757	300,021	334,463

† In accordance with Art. 53 of the Statutes.

CENTRAL BANK OF ARGENTINA.—In paper pesos (000,000's omitted).

Assets	Aug. 15, 1935	June 15, 1936	June 30, 1936	July 15, 1936	July 31, 1936	Aug. 15, 1936
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign exchange	119	118	108	102	105	115
Non-interest bearing Government Bonds	119	119	119	119	119	119
Treasury Bonds	150	399	399	399	399	399
LIABILITIES						
Notes	934	1,025	1,013	1,008	993	993
Government deposits	151	161	158	128	188	182
Bankers' deposits	203	320	326	368	315	339
Certificates against Treasury Bonds	—	345	345	337	349	337
Ratio of gold and foreign exchange to note and sight liabilities	83.8%	88.2%	88.0%	87.4%	88.1%	87.5%

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

Assets	Aug. 23, 1935	July 31, 1936	Aug. 7, 1936	Aug. 15, 1936	Aug. 22, 1936
Metal reserve—					
Gold coin and bullion	78,936	78,936	78,936	78,936	78,936
Foreign Exchange	16,059	24,145	24,555	24,525	25,130
Token money	11,013	9,601	9,397	9,104	9,248
Inland bills, warrants and securities	495,298	476,188	461,287	458,815	465,928
Advances to Treasury	65,741	90,694	93,554	93,554	93,554
LIABILITIES					
Notes in circulation	327,882	396,307	373,354	366,632	350,569
Current accounts, deposits, etc.	116,900	110,830	123,090	124,807	152,161
Cash certificates	109,085	95,625	95,625	95,625	95,625
Other liabilities	158,001	162,621	162,520	164,102	163,924

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

Assets	Aug. 23, 1935	July 31, 1936	Aug. 7, 1936	Aug. 15, 1936	Aug. 22, 1936
Gold	2,693,269	2,697,785	2,696,746	2,696,422	2,697,727
Balances abroad and foreign currency	214,223	20,920	21,771	22,158	23,512
Discounts and advances	1,032,629	1,533,078	1,576,569	1,556,469	1,518,524
State notes debt balance	2,063,507	2,036,160	2,034,740	2,034,533	2,034,323
LIABILITIES					
Bank notes in circulation	5,359,246	5,426,252	5,563,179	5,518,203	5,292,172
Check account balances	893,094	625,651	524,708	526,699	754,180

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

Assets	Aug. 22, 1935	Aug. 8, 1936	Aug. 15, 1936	Aug. 22, 1936
Cash reserve—				
Gold at home and abroad	1,328,742	1,531,089	1,531,168	1,531,226
Foreign exchange	40,136	16,238	17,458	17,550
Other foreign exchange	220,987	440,878	455,093	479,580
Bills and advances against security	1,767,492	1,599,737	1,615,770	1,627,740
Government advances	1,692,530	1,661,502	1,661,502	1,661,688
LIABILITIES				
Notes in circulation	4,507,691	4,969,407	4,991,173	4,978,721
Sight deposits	1,349,400	1,493,064	1,518,080	1,503,024
Time deposits	238,200	50,000	50,000	60,000

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted).

Assets	June 30, 1935	June 6, 1936	June 13, 1936	June 20, 1936	June 27, 1936
Gold and gold exchange	10,653,224	11,015,518	11,015,528	11,029,424	11,040,577
Commercial bills	5,009,346	5,222,609	5,218,406	5,234,574	5,308,211
Agric. and urban advances	2,757,965	2,441,613	2,440,372	2,436,297	2,446,557
Treasury bills issued against losses on credits	4,540,138	5,554,791	5,555,855	5,559,431	5,760,911
State debt advances to Treasury	5,644,552	5,638,745	5,638,745	5,638,745	5,638,095
LIABILITIES					
Notes in circulation	21,261,146	22,093,951	21,967,143	22,143,989	22,988,079
Other sight liabilities	8,624,596	8,663,139	8,763,421	8,721,410	8,547,634
Long-term liabilities	3,009,478	4,353,378	4,377,311	4,385,857	4,386,336

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

Assets	Aug. 23, 1935	July 31, 1936	Aug. 7, 1936	Aug. 15, 1936	Aug. 22, 1936
Gold and gold exchange	3,561,983	2,824,420	2,781,043	2,767,428	2,754,844
State Gold Bonds	567,169	568,440	568,440	568,440	568,440
Advances	2,867,788	314,866	318,180	328,626	327,736
State Debt	2,714,111	3,605,111	3,605,111	3,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,341,055	5,396,184	5,518,025	5,497,137	5,497,181
Deposits and current accounts	3,895,920	6,431,941	6,458,107	6,546,802	6,568,800
Foreign exchange liabilities	185,814	186,767	206,057	246,059	231,876

BANK OF FINLAND.—In F. Marks (000's omitted).

Assets	Aug. 23, 1935	July 31, 1936	Aug. 7, 1936	Aug. 15, 1936	Aug. 22, 1936
Gold	354,756	557,100	563,322	569,543	575,788
Balance abroad and foreign bills	1,377,029	1,235,124	1,205,424	1,193,305	1,190,806
Discounts and loans	438,813	517,421	515,715	515,715	504,367
LIABILITIES					
Notes in circulation	1,246,213	1,480,103	1,451,271	1,446,614	1,424,367
Deposits at notice	598,845	706,703	692,683	705,327	733,505

* Officially revised figure.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

Assets	Aug. 23, 1935	July 27, 1936	Aug. 3, 1936	Aug. 10, 1936	Aug. 17, 1936
Gold coin and bullion	46,365	46,422	46,423	46,425	46,425
Silver coin	16,387	16,234	16,277	16,373	16,428
Balance abroad	4,327	8,061	8,933	9,069	9,478
Treas. notes and small change	13,995	13,642	13,334	14,069	13,715
Short-term bills	54,688	50,445	50,429	50,495	50,435
Loans against securities	59,310	67,653	71,292	70,908	70,340
LIABILITIES					
Notes in circulation	33,322	34,364	33,830	33,369	33,646
Deposits	20,082	20,497	20,340	19,592	19,541
Current accounts	92,399	94,662	99,819	101,718	101,641
Government accounts	36,789	46,963	46,548	46,685	46,143

BANK OF JAPAN.—In yen (000's omitted).

Assets	Aug. 10, 1935	July 18, 1936	July 25, 1936	Aug. 1, 1936	Aug. 8, 1936
Gold coin and bullion	488,891	527,321	528,353	529,319	530,624
Other coin and bullion	40,759	68,845	68,403	68,371	68,371
Discounts	564,884	528,166	527,969	564,256	569,608
Advances on foreign bills	130,111	186,772	188,987	189,495	191,719
Government bonds	120,870	29,999	27,188	28,370	28,370
LIABILITIES					
Notes	1,196,578	1,238,832	1,306,391	1,376,047	1,448,533
Government deposits	419,543	61,171	292,397	271,796	271,796
Other deposits	55,914	149,239	108,869	60,409	65,267

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	Aug. 27, 1936	Aug. 28, 1936	Aug. 29, 1936	Aug. 31, 1936	Sept. 1, 1936	Sept. 2, 1936	Sept. 3, 1936
Bank rate (changed from 2½ June 30, 1932).....	% 2	% 2	% 2	% 2	% 2	% 2	% 2
Market rates of discount—							
60 days' bankers' drafts	11-11	11-11	11-11	11-11	11-11	11-11	11-11
3 months' do.	11-11	11-11	11-11	11-11	11-11	11-11	11-11
4 months' do.	11-11	11-11	11-11	11-11	11-11	11-11	11-11
6 months' do.	11-11	11-11	11-11	11-11	11-11	11-11	11-11
Discount Treasury Bills—							
2 months'	11-11	11-11	11-11	11-11	11-11	11-11	11-11
3 months'	11-11	11-11	11-11	11-11	11-11	11-11	11-11
Loans—Day-to-day	11-11	11-11	11-11	11-11	11-11	11-11	11-11
Short	11-11	11-11	11-11	11-11	11-11	11-11	11-11
Deposit allowances : Bank	11-11	11-11	11-11	11-11	11-11	11-11	11-11
Discount houses at call.....	11-11	11-11	11-11	11-11	11-11	11-11	11-11
At notice	11-11	11-11	11-11	11-11	11-11	11-11	11-11

IMPORTS AND EXPORTS OF GOLD

(Into and from United Kingdom)

IMPORTS AND EXPORTS OF SILVER

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in *italics*. Other coin is entered at current market value

1996		ARRIVALS	£	1996		WITHDRAWALS	£
Aug.	28	Nil	Nil	Aug.	28	Nil	Nil
"	29	Nil	Nil	"	29	Nil	Nil
"	31	Nil	Nil	"	31	Nil	Nil
Sept.	1	Bar Gold	104,585	Sept.	1	Nil	Nil
"	2	Nil	104	"	2	Nil	Nil
"	3	Bar Gold	366,678	"	3	Nil	Nil
Total			471,263	Total			Nil

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben-ture Interest	Amount Available for Distribu-tion	Appropriation						Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia-tion, etc.	Balance Forward	Net Profit	Dividend	
					Prefce.	Ordinary						
						Amount	Amount					Rate
Electric Lighting, etc.		£	£	£	£	£	%	£	£	£	%	
Palestine Electric	Dec. 31	£P34,240	£P296,685	£P330,925	£P21480	£P115,322	7½	£P167,770	£P26,353	£P214311	7½	
Financial Land, etc.												
Industrial Finance and Inv.	June 30	8,560	73,611	82,171	32,500	20,000	2	13,784	15,887	34431	2	
Percy Bilton Investment ...	June 30	...	5,518	5,518	2,137	1,650	5½	...	1,731	(a)	(a)	
Thames Estates and Invest.	June 30	...	8,651	8,651	3,285	...	...	3,862	1,504	(a)	(a)	
Iron, Coal and Steel												
Hilton Main, etc., Collieries	June 30	4,749	42,172	46,921	...	24,024	15	10,000	12,897	(a)	(a)	
Textiles												
Leigh Mills	July 25	3,728	28,138	31,866	1,259	22,500	10½	...	8,107	22,229	10½	
Wardle and Davenport	June 30	25,756	16,606	42,362	3,300	13,800	4½	...	25,262	19,639	4	
Whitworth and Mitchell ...	June 30	5,204	58,190	63,394	30,000	19,531	4½	8,500	5,363	70,749	6½	
Other Companies												
Blakey's Boot Protectors ...	June 30	7,966	29,838	37,804	450	11,531	15	12,000	13,823	19,376	15	
Eastwoods, Ltd.	Mar. 31	15,811	86,721	102,532	10,500	45,000	15	31,135	15,897	90,038	15	
Gerrard Industries	Mar. 31	Dr. 1,932	6,649	4,717	...	...	...	12,849	Dr. 8,132	9,472	Nil	
Hutchinson & Co. (Publishers)	Dec. 31	9,842	51,056	60,898	27,700	3,250	2½	...	29,948	39,388	10	
London Express Newspaper	June 30	93,801	146,321	240,122	105,000	40,800	10	...	94,322	146,042	10	
May (Joseph) and Sons.....	June 30	15,600	30,872	46,472	15,000	12,000	6	3,000	16,472	30,081	6	
"Triplex" Safety Glass ...	June 30	3,335	94,328	97,663	...	91,500	60	...	6,163	86,504	80	

† Free of Income Tax.

* Amended figures.

SILVER MARKET

SILVER MARKET

A steady tone has been maintained, and prices had shown little change until yesterday, when 19½d. for both deliveries was quoted—a rise of 1d. as compared with the previous day. Although this level did not attract inquiry from America, support was given by this quarter earlier in the week, and this encouraged a continuation of the demand from the Indian Bazaars. The Indian Bazaars and speculators made resales and moderate offerings continued to be made on China account. The market appeared steady, and no important change is anticipated in the near future. It was announced that the President of Mexico issued a decree on August 30th restoring the Mexican silver currency. The old silver coins of .720 fine are to be released from the vaults of the Bank of Mexico and returned to circulation, whilst the one peso notes, issued when the high price of silver made it profitable to export coin as bullion, will be withdrawn.

Quotations for gold and silver are shown below :—

1936	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce 999 fine
			Cash	Two Months	
	s. d.	s. d.	d.	d.	1936
Aug. 27	138 2½	12 3 5½	19½	19½	Aug. 26 45
" 28	138 4	12 3 35	19½	19½	" 27 45
" 29	138 2½	12 3 35	19½	19½	" 28 45
" 31	138 3	12 3 48	19½	19½	" 29 45
Sep. 1	138 2½	12 3 52	19½	19½	" 31 45
" 2	138 3	12 3 48	19½	19½	
Average	138 3	12 3 48	19 504	19 504	Sep. 1
Sep. 3	138 2½	12 3 52	19½	19½	

The highest rate of exchange on New York recorded during the period from August 27th to September 2nd was \$5.03 $\frac{1}{2}$, and the lowest \$5.02 $\frac{1}{2}$.

Statistics for the month of August, 1936 :—

Bar Silver per oz. std.

	Cash delivery	Two months' delivery	Bar Gold per oz. fine
Highest price.....	19½d.	19½d.	138s. 8d.
Lowest price	19¼d.	19¼d.	138s. 2d.
Average	19-4900d.	19-4900d.	138s. 4-24d.

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	* Interim or † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
BANKS					
Bank of Australasia	3/6 p.s.*	Oct. 2	Same	...	...
Central Hanover Bank	\$1 p.s.	Oct. 1	...	...	...
National Bank of India	9%*	Sept. 24	Same	...	...
TEA AND RUBBER					
Brooklands Selangor Rubber	...	Sept. 21	...	7½	5
Matrurata Tea and Rubber	...	Sept. 18	...	5	2½
MINING					
Amalgamated Zinc	2½%*	Oct. 9	Same	...	...
Central Province Manganese Ore	7½%*	Oct. 1	Same	...	...
Kanant Pulai Tin	18%*	Sept. 14	20%*	...	...
Malayan Tin Dredging	10%*	Sept. 16	12½%*	...	...
Nundydong Mines	2/9 p.s.*	Oct. 8	Same	...	...
Roan Antelope Copper Mines	...	Oct. 15	...	30	20
Southern Malayan Tin	5%*	Sept. 15	7½%*	...	...
OTHER COMPANIES					
Antwerp Waterworks (16/-)	41%*	Sept. 18	4½%*(c)	...	...
Blakey's Boot Protectors	7½%†	...	...	15	15
British Columbia Power A	40 c.* p.s.	Oct. 15	Same	...	...
British Tobacco (Australia)	2%*	Sept. 30	...	...	...
Brown Brothers	2½%*	Oct. 1	Same	...	...
Bursledon Brick	10%*	...	Same	15	15
Daily Mirror Newspapers	3½%*	Oct. 15	Same	...	...
Debenhams	...	Sept. 30	...	16½	12½
Dublin Granaries	1%*	...	Nil*	...	...
Goldsbrough Mort. and Co.	5%†	...	4%†	7	5
Grosvenor House (Park Lane)	...	...	...	8	5
Harvey Nichols and Co.	...	...	...	10	10
Hilton Main &c	10%†	...	5%*(a)	15	5(a)
Imperial Tobacco (Canada)	14%*	Sept. 30	Same	...	...
Industrial Finance and Investment	...	...	...	2	...
Irish Shell	...	...	...	10	10
Jones and Higgins	3½%*	...	Same	...	...
Lands Improvement	...	...	...	2½	3
Lawrence (Frederick)	10%*	Sept. 30	Same	...	...
Leigh Mills	...	...	...	12½ p.s.	12½ p.s.
Leyland and Birmingham Rubber	5%†	...	Same	7½	7½
London Express Newspaper	...	Sept. 25	...	10	10
Maidenhead Brick and Tile (Pref.)	5%*	Oct. 5	Same	...	...
Maynards Ltd.	...	...	...	8	7
Melbourne, Hart and Company	13%*	Oct. 1	...	...	...
Percy Bilton Investment Trust	...	Oct. 1	...	5½	...
Petroleum Corporation of America	25 c.p.s.	Sept. 30	...	...	...
Pinekin Johnson and Company	7½%*	Sept. 22	Same	...	...
Ranks, Ltd.	12%†	...	Same	15-0492	15
Ransome and Marles Bearing	...	...	...	15	10
Ruberoid Company	2½%*	...	First	7	...
S. G. B. Dudley	...	...	...	15	2½(a)
Sheffield Forge and Rolling Mills	...	...	...	10	5
Singleton and Cole	6%*	Sept. 29	Same	...	...
Southalls (Birmingham)	110%*	...	Same	...	...
South-Eastern Gas	3%*	Sept. 30	Same	...	...
Sunday Financial Newspapers	7½ p.s.	Oct. 15	Same	11	10
Tennant Brothers	8½%†	...	7½%†	25	Nil
Thorncroft Coal Distillation	...	...	...	5	3½
To Investment Trust	3%†	Sept. 15	2½%†	...	...
Upsons, Ltd.	5%*	...	Same	...	...
United Tobacco Co. (South) Ord.	...	...	...	...	...
and Def.	(\$94 p.s.)	...	6d. p.s.*(s)	...	...
Vavasour (J. H.) and Company	2½%*	...	2%*	...	...
Webster (Samuel)	2½%*	Oct. 1	Same	...	...

(a) For six months. (c) On old capital. ‡ Free of Income Tax
(s) Free of South Africa normal Income Tax.

UPSONS, LTD.—Upsons, Ltd., are declaring an interim dividend of 5 per cent. (same on the ordinary capital. Last year's interim was followed by a final dividend of 6 per cent. making 11 per cent. for the year. The directors report sales have been substantially increased during the current year.

PINCHIN, JOHNSON AND COMPANY, LTD.—The board have declared an interim dividend of 7½ per cent. actual, less tax, on the issued ordinary shares of the company to be paid on September 22nd. Sales for the six months ending June 30, 1936, show a satisfactory increase.

HOME AND COLONIAL STORES.—The directors announce that the re-organisation of the business is proceeding according to plan. The turnover is showing a progressive increase, and although the profits suffered a further decline during the first quarter of the

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

To Publisher, "Economist Newspaper Ltd.,"

8 Bouverie Street, E.C.4.

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

Name.....

Address.....

year, the returns since then indicate that the decline has been arrested and the directors now anticipate a gradually improving tendency. They, however, do not wish to encourage expectations of an early resumption of the payment of dividends on the ordinary shares as considerable progress must still be made before that stage is reached. The dividends on the preference and the cumulative ordinary shares will be paid on the due dates.

MAYPOLE DAIRY COMPANY, LTD.—The directors announce that they have decided not to pay an interim dividend on the deferred ordinary shares. They state that, as compared with last year, turnover shows a satisfactory improvement and profits have been maintained.

ASSURANCE

WESLEYAN AND GENERAL ASSURANCE SOCIETY.—Alderman Samuel John Grey, Lord Mayor of Birmingham, has been appointed a Director as successor to Mr John Morton, deceased. Mr Alfred Thomas England has been appointed a Director in succession to Mr H. S. Yoxall, deceased.

BANKS

DISTRICT BANK LTD.—District Bank, Ltd., announce the resignation of Sir Christopher T. Needham, D.L., from the position of Chairman of the Bank. In January last he accepted re-election on the understanding that he would be free to retire during the current year. The Board have accepted Sir Christopher Needham's resignation with regret and expressed their appreciation of the invaluable services rendered by him to the Bank as Chairman over a period exceeding fourteen years. Sir Christopher Needham retains his seat on the Board. Sir R. Noton Barclay, Deputy Chairman, has been elected Chairman, and Mr Francis J. Dickens, Deputy Chairman of the Bank.

MINES

COMMONWEALTH MINING AND FINANCE COMPANY.—It is stated that 350,000 shares of Commonwealth Mining and Finance Company for which permission to deal was granted on August 13th, were issued to the Australian Machinery and Investment Company as final consideration for that company's sale to the Commonwealth Company of the shares in the Aladdin, Atlas and Hercules Companies. On July 13th last, the Australian Machinery Company agreed to waive its right in the previous years purchase contract, to require the formation of new companies, consideration of the issue to it by the Commonwealth Company of 350,000 Commonwealth shares. It is understood that the approximate market price taken was 9s. per share;

LENA GOLDFIELDS, LTD.—Messrs Hoale, Smith and Field are instructed to make cash offer to shareholders of 9½d. per share; payment on delivery on or before September 8th. This follows Director's scheme to realise notes. Only tender received for £875,900 U.S.S.R. non-interest bearing notes is £188,000, equivalent to 8-6½d. per share. Shareholders not participating to combine into units of 144,000 shares would receive 8½d. per share after completion of formalities, and share of cash balance equal to about 1-28d. per share. Shareholders participating in Trust would receive per share (subject to expenses) about 1½d. every two years during next eight years, and thereafter about ¾d. each year from May, 1945, to November, 1954, in all about 3s. 4d. receivable over 18 years.

MISCELLANEOUS

LANCEGAYE SAFETY GLASS (1934), LTD.—The directors wish to state that there is no foundation for the rumours of arrangements with other safety glass manufacturers, or any developments beyond those indicated in the chairman's speech to shareholders on August 6, 1936. The two factories in which the company is interested are working to full capacity.

LANCASHIRE COTTON CORPORATION, LTD.—The Directors record an improvement in the Corporation's business and have come to the conclusion that, in view of the fact that the principal of the stock, together with £627,500 in respect of interest paid under the guarantee, falls due for repayment on March 31, 1937, payment of interest should only be considered in conjunction with a comprehensive scheme of capital reorganisation and reconstruction. It will not be possible to obtain before October next directions from the court for holding of meetings.

LEACH'S ARGENTINE ESTATES, LTD.—An accidental fire has occurred at this company's Calilegua estate during a gale which followed the recent heat wave. The extent of the damage done is confined to the burning of standing cane ready for cutting and milling which would probably have yielded some 700 tons of sugar towards the estimated total production of some 25,000 tons. The fire is reported to be now under control and there has been no loss of life.

SPILLERS, LTD.—The directors of Hosken, Trevithick, Polkinhorn & Company, Ltd., millers and merchants of Plymouth and Truro, have received an offer from Spillers, Ltd., to acquire the goodwill and assets of the flour milling and wholesale grain and provender sections of their business. The offer is to be considered by the shareholders at a meeting to be held on September 17th.

OIL OUTPUTS

BRITISH CONTROLLED OILFIELDS, LTD.—Production for week ended August 29th: Venezuela, 17,544 barrels; Trinidad, 26,035 barrels; total, 43,579 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended August 22, 1936, was 524,000 barrels.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for week ended August 29, 1936, was: Bolivar District, 768,474 barrels; Maracaibo District 26,676 barrels; total, 795,150 barrels.

TRINIDAD CONSOLIDATED OILFIELDS, LTD.— Production, July 24th to August 31st: 29,187 barrels. The intensive drilling programme is under way a month in advance of the time estimated.

PHOENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix Group for August was 89,903 tons.

Since our last report, a further blast-furnace has been put into operation at Messrs Pease and Partner's Normanby Ironworks for the production of special hematite. It is expected that further blast-furnaces and steel furnaces will be put into operation shortly, to meet the expected heavy autumn demand. Foundry pig-iron producers are keeping home users well supplied, and the price for a quality is maintained at 75s. per ton.

A marked decline in grain prices took place in the United States, but cocoa, rubber, copper, spelter and tin were marked up. The movement is reflected in Moody's daily index of

OVER ONE HUNDRED YEARS OF SERVICE

SCOTTISH UNION & NATIONAL

INSURANCE COMPANY

ASSETS - EXCEED - £16,000,000

FIRE LIFE ACCIDENT MARINE

Edinburgh: 35 St. Andrew Square
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Consumers' interest in the metal is quite active, but the high rate of production prevents an improvement in prices. According to the American Bureau of Metal Statistics, world output rose from 131,700 short tons in June, 1935, to 138,600 short tons in July. No news is available regarding the international cartel discussions, but on the Continent it is expected that new discussions will take place in the second half of September.

Sales of lead on the London Metal Exchange: 850 tons on Monday, against 700 tons last week; 1,150 tons on Tuesday, against 750 tons last week; 400 tons on Wednesday, against 2,600 tons last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £17 2s. 6d. per ton, compared with £17 3s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 250 tons on Monday against 50 tons last week; 450 tons on Tuesday, against 350 tons last week; 950 tons on Wednesday, against 250 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.80 cents the week before and 4.80 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 8s. 9d. per ton, against £13 10s. last week.

TIN.—Prices have shown a firmer tendency. The next meeting of the I.T.C. was postponed from September 18th to September 23rd in order to await the arrival of Mr. H. B. Connell, the adviser of the Siamese Mines Department. It is now generally expected that at the September meeting of the Tin Committee agreement will be reached with Siam, but no official statement has been made. According to Messrs. A. Strauss & Company, Ltd., the total visible supply, excluding the carry-over at Arnheim, increased during August by 915 tons to 16,023 tons. As the carry-over at Arnheim showed a reduction of 72 tons, the net increase during the past month was 843 tons. This figure is much below expectations, the market having counted with an increase of at least 1,500 tons. The smallness of the increase is due to the fact that new supplies increased by only 308 tons to 10,330 tons, although according to Metallgesellschaft the mining output of tin increased during July (i.e. the ore ready for shipment in August) from 14,112 to 16,388 metric tons. World deliveries during August declined by 1,485 tons to 8,870 tons. This decline was the result of the smaller deliveries in the United States (5,385 tons against 7,120 tons a month before), which did not come as a surprise after the very large deliveries in the two preceding months.

Sales of tin on the London Metal Exchange: 500 tons on Monday, against 105 tons last week; 245 tons on Tuesday, against 145 tons last week; 260 tons on Wednesday, against 245 tons last week. The New York quotation on Wednesday was 42.87 cents per lb., against 42.50 cents a week ago and 42.75 cents a month ago. Wednesday's official closing quotation in London for standard cash was £187 10s. to £187 15s. per ton, compared with £183 to £183 2s. 6d. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 692 tons, an increase of 10 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 17s. to £12 17s. 6d. per flask of 76 lbs, against £12 12s. 3d. a week earlier. Chinese antimony was quoted at £53 10s. to £54 10s. per ton ex warehouse, as against £53 per ton last week. Chinese wolfram for "September-October" shipment was quoted at 30s. to 30s. 6d. per unit c.i.f., against 29s. 6d. to 30s. 6d. a week ago. Refined platinum was advanced to £14 per ounce, as against £12 7s. 6d. per ounce last week.

TEXTILES

COTTON.—Manchester.—The general inquiry in the market has shown some improvement, but in all sections many difficulties have been encountered in arranging terms of fresh contracts. Spinners and manufacturers have not been able to sell their products with any freedom.

Many ups and downs have taken place in raw cotton rates in Liverpool, but the level of prices shows very little alteration. Weather reports from the American belt remain unfavourable. Hedge selling has been more early. Much uncertainty exists as to the American Bureau report due to be issued on Tuesday next. A month ago the estimate was 12,481,000 bales, and it is generally believed that the revised forecast will be in the neighbourhood of 12,000,000 bales.

COTTON PRICES

	1936				Corresponding Date	
	Aug. 12	Aug. 19	Aug. 26	Sept. 2	1934	1935
Raw Cotton—Mid. American..... per lb.	d. 6-92	d. 6-75	d. 6-72	d. 6-73	d. 7-09	d. 6-04
Sakellaridis Fully Good Fair Egyptian..... per lb.	11-06	10-75	10-33	10-39	8-67	8-04
Yarns—32's twist..... per lb.	11	10½	10½	10½	10½	9½
" 40's twist..... per lb.	11½	10½	10½	10½	10½	10
" 60's twist (Egyptian)..... per lb.	17	16½	16½	16½	17	15½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	18 1½	18 0	17 10½	17 10½	19 6	17 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	25 4½	25 1½	25 0	25 0	24 6	24 0
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	10 4	10 3	10 2	10 2	11 3	10 2
39-in. ditto, 37½ yds. 16 by 15, 8½ lb.....	9 4	9 3	9 2	9 2	10 1	9 1

Manufacturers of piece goods continue to complain that most offers are impracticable. Many firms are feeling acutely the absence of bulk lines for India. Some moderate lots of light whites and fancies have been put through for Karachi. Only occasional sales have been reported for Calcutta and dealers in the other outlets have exercised caution in making bids. Scattered transactions have been mentioned in dyed fancies for

Java, Singapore and Hong Kong. Exporters to Egypt and the Near East have given very little support. A fairly active demand has been met for West Africa in white shirtings, prints and coloured goods. Buying for South America has been patchy. Some very fair lines have been placed for the Dominions in heavy materials. Steady buying has occurred in home trade goods.

In the yarn section the most satisfactory feature at the present time is that deliveries against old contracts are being well taken. On the other hand new business is rather disappointing. Only a restricted turnover has taken place in American and Egyptian counts.

SURPLUS COTTON SPINDLES.—The Cotton Spindles Board which has been set up under the Cotton Spinning Industry Act for the purpose of dealing with the question of redundant spindles has got to work and for the first time in the history of the trade a detailed census of spindle capacity in Great Britain is being taken. This week the Board has issued to all spinners forms requiring a return of spindle capacity in their mills. It is understood that early in October the Board will know the number of spindles in the industry and from this information will be able to form an opinion as to the amount of redundant plant. When the figures are obtained an important point will arise, i.e., whether the redundant mills can be acquired by the Spindles Board, or whether, in spite of the efforts of the Board, their owners will endeavour to keep them in existence.

WOOL.—Bradford.—The event of the week was the opening, last Monday, of a new selling season at Sydney and the marketing of a new clip amounting to over 3 million bales. The initial catalogues met with a very hearty reception. Prices ruled fully on a parity with the cost of tops in Bradford, notwithstanding the absence of Japanese competition. Japan appears to be doing her very best to force Australia to accept her conditions determining the selling of her manufactures in Commonwealth markets, by refusing to compete for wool. The large purchases of merino wool on the part of that country during the past two years in Australia has led to the accumulation of heavy stocks in Japan, and most of her mills can easily run to the end of the year before needing to replenish supplies. The opening sale shows that wool occupies a very sound and healthy position, and even if medium and faulty classes ease a little, they are relatively dearer than good warp combing wools. Much will depend on the attitude of Germany, France, Italy and Belgium between now and Christmas.

Most mills in the West Riding continue to be very busy, particularly those engaged in the production of woollen cloths. The spring season for worsted dress goods and men's wear cloths has hardly opened, but in view of the comparative briskness of most trades, the rank and file of workers being in a better financial position, it is felt that from next month onwards when buying for next spring does definitely commence, spindles and looms will be kept fully running throughout the winter. Generally speaking the wool textile industry is healthy and sound, and the indications favour the maintenance of raw wool prices at about current levels.

GRAIN MARKETS

WHEAT.—The reaction on the wheat markets has continued, and prices are appreciably lower on the week. Better weather has been experienced in a number of Continental countries, and more favourable yields in Canada are being received from Argentina and Australia. Meanwhile, deliveries in that country have had a weakening influence on the market.

On Wednesday last, "September" futures were quoted in Chicago at 108½ cents per bushel, against 111½ cents the week before and 113½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 37s. 6d. per 496 lbs., against 38s. a week ago; No. 2 Northern Manitoba, ex ship, 37s. 3d., against 37s. 9d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,218,000 quarters, against 1,292,000 in the previous week and 889,000 quarters in the corresponding week a year ago.

FLOUR.—Prices are again easier. It is reported that forward business is handicapped by uncertainty regarding the future of wheat prices. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 32s. 6d. per 280 lbs., against 33s. a week ago; delivered inner London, 32s., as compared with 32s. 6d. a week ago. Manitoba patents, ex store, 29s. to 30s. 6d., against 30s. to 31s. a week ago. Australian, ex store, 27s. to 27s. 6d., against 27s. 6d. to 27s. 9d. a week ago.

BARLEY.—Imported feeding descriptions have been quieter. The weather in this country has recently been excellent for harvesting the barley crop, but little business has been reported. "October" futures were quoted at 5½ cents per bushel in Winnipeg on Wednesday, against 5½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, nominal, as against a nominal quotation a week ago; "English malting" (new), at farm, 32s. to 50s.; Californian (new), ex ship, 43s. to 54s.; Chilean, brewing, ex ship, 34s. to 37s.

OATS.—Business in imported oats remains quiet. On Wednesday, "September" futures were quoted at 39½ cents a bushel in Chicago, against 42½ cents a week ago and 42½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 18s. to 19s. per 336 lbs., against 19s. to 20s. a week ago; "English White" (new), at farm, 18s. to 19s., against 19s. to 20s. a week earlier; mixed Canadian feed (Vancouver), landed, 20s. per 320 lbs.

MAIZE.—Prices in this country have declined in sympathy with the easy tone ruling in North and South American markets. "September" futures were quoted on Wednesday at 104½ cents per bushel in Chicago, against 112½ cents a week ago; and 106½ cents last month. Quotations in London, Wednesday: "Plate," landed, 25s. per 480 lbs., compared with 26s. 6d. a week ago; "Plate," ex ship, 24s., as against 25s. a week ago; "Plate," "August," 22s. 9d., as against 24s. 3d. a week ago; yellow maize meal, ex wharf, was quoted at £6 10s. per ton, as against £6 17s. 6d. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to August 29	340,650	356,281	429,655	100,404
52 weeks to August 29	9,286,727	11,640,452	14,231,367	13,394,501
Average price of English wheat per cwt.	s. d. 5 0	s. d. 5 2	s. d. 4 6	s. d. 7 9

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
August 27, 1932.....	Cwts. 40,854	Cwts. 9,003	Cwts. 16,148	s. d. 6 2	s. d. 7 5	s. d. 6 11
August 28, 1933.....	840,650	69,649	46,420	5 0	11 0	5 5
September 1, 1934.....	356,281	110,998	33,883	5 2	10 10	6 5
August 31, 1935.....	429,655	87,699	55,085	4 6	9 6	6 1
August 22, 1936.....	14,219	1,557	10,976	8 1	7 3	7 0
August 29, 1936.....	100,404	17,406	21,070	7 9	10 1	7 1

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-36:—

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Sept 4, 1935	Dec. 31, 1935	Aug. 26, 1936	Sept. 2, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	82½	84½	97½	94½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	88½	75½	111½	108½

The visible supply of wheat in Canada amounts to 63,861,000 bushels, against 60,434,000 bushels last week, and 126,635,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—The market has had a steady tone this week. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 99s.; Canadian, 91s.; Danish, 100s., as against 97s. to 98s. 91s. and 100s. last week. Arrivals in London last week included Danish, 14,416 bales; Canadian, 3,940; Dutch, 2,406; Lithuanian, 1,732, and Polish, 3,659, as against 15,247, 4,154, 2,437, 1,859 and 2,851 bales, respectively, in the previous week.

BASIC PIG PRICE.—The Pigs Marketing Board announced this week that in accordance with the provisions of the present contract, the ascertained price of green Wiltshire style bacon is 95s. 7d. per cwt. and the ascertained value of offals is 8s. 6d. The ascertained cost of feeding stuffs, in accordance with the Ministry of Agriculture and Fisheries, is 8s. 1d. per cwt. of the Class I, grade C pig, for the month of September is 11s. 11d. per score, against 11s. 6d. in August and 11s. in the same month of last year. The curers will also pay to the Pigs Marketing Board 2d. per score on every pig delivered and accepted during this year, to form a pool out of which will be paid the bonus on pigs delivered during the first four months of the year, in accordance with the 1936 Bonus Scheme.

BUTTER.—Butter has been a quiet trade, with prices rather easier. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 117s. to 118s.; Australian, choicest salted, 117s.; Danish, 128s., compared with 120s., 119s. and 128s., respectively, a week ago.

CHEESE.—Although demand has been rather quiet, prices are a shade firmer this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 76s. to 80s.; Canadian, finest coloured, 70s. to 72s.; and New Zealand, finest coloured, 68s., against 70s. to 76s., 68s. 6d. to 70s. and 67s. to 67s. 6d., respectively, a week ago.

COCOA.—The rise in the price of cocoa has continued. The spot quotation in New York on Wednesday was 7½ cents per lb., as against 7½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "November-January," was quoted 32s. 3d. per 250 kilos, c.i.f. Continent, against 31s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 15,194 bags; delivered for home consumption, 2,981 bags; exported, 100 bags; stocks, 172,776 bags, against 139,493 bags a year ago.

COFFEE.—The markets in London and New York have been quietly steady. On Wednesday, Rio No. 7 (cash) was quoted at 8 cents per lb. in New York, as compared with 8 cents per lb. last week and 8 cents per lb. a month ago. Movements of coffee in London last week were as follows: exports, nil; stocks, 10,154 cwt., against 14,293 a year ago. Central and South American, landed, 22 cwt.; delivered for home consumption, 135 cwt.; 1,992 cwt.; stocks, 10,154 cwt., against 14,293 a year ago. Central and South American, landed, 258 cwt.; delivered for home consumption, 1,992 cwt.; exported, 869 cwt.; stocks, 90,649 cwt., against 137,677 last year. Other kinds, landed, 496 cwt.; delivered for home consumption, 2,334 cwt.; exported 2,211 cwt.; stocks, 131,646 cwt., against 155,398 last year.

EGGS.—The market has been firm for Continental selections, especially Danish, which met a good demand. English, however, have eased. At 15-15½ lb. realised 14s. 9d. to 15s. per 120, as against 15s. 6d. to 16s. 10s. 6d. to 10s. 9d. last week.

FRUIT.—Although prices at Covent Garden have been low in the bulk of apples and plums continue to monopolise attention. The former have been a very active trade at rather low prices; Australian and New Zealand apples are now practically cleared and are certainly not inquired for. Large quantities of medium grades plums are on the market at low rates, but good samples realise fair still available. Blackberries have been a steady trade, while some raspberries are grapes have encountered a slow demand and are easier in price. Oranges, however, are in request and, with supplies rather short, quotations are firm. Lemons are dearer and grapefruit, though plentiful, sells steadily.

MEAT.—At Smithfield this week demand has been rather slow on account of the continuance of warm weather. Prices show little change.

On Wednesday last, Argentine chilled hindquarters were quoted at 4s. to 4s. 4d. per 8 lbs., as compared with 3s. 10d. to 4s. 2d. a week ago. New Zealand frozen mutton was 3s. to 3s. 8d. per 8 lbs., against 3s. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,164 tons, a decrease of 736 tons on the corresponding week last year. Beef and veal accounted for 4,356 tons, mutton and lamb 2,672 tons, and pork and bacon 678 tons, as compared with 4,897, 2,736 and 693 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampong (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 1 ton; stocks, 1,757 tons, against 1,683 tons a year ago. White, landed, 28 tons; delivered, 39 tons; stocks, 12,129 tons, against 17,722 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 9s. 3d. per cwt., ex warehouse, on Wednesday, as compared with 9s. 3d. per cwt. a week ago. "September-October" in singles to Continent and U.K., was quoted at 8s. 1½d. per cwt., against 8s. 1½d. last week. Movements in London during the past week were as follows: Landed, nil; delivered, 261 tons; stocks, 1,840 tons, against 9,424 tons a year ago.

SUGAR.—The spot markets in London and New York remain quietly steady, with prices showing little alteration. The spot price in New York on Wednesday was 3.70 cents per lb., as compared with 3.70 cents per lb. last week and 3.65 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at from 4s. 4½d. to 4s. 5½d., against 4s. 5½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 11,330 tons, against 23,268 tons last week and 7,630 tons in the same week of last year; deliveries, 19,473 tons, against 19,372 tons last week and 22,180 tons last year; stocks, 114,968 tons, against 123,111 tons last week and 144,794 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Aug. 29, 1935	d. 17-26	d. 10-76	d. 13-08	d. 9-99	d. 8-44	d. 10-09	d. 14-12
July 16, 1936	12-27	12-07	13-35	10-34	10-09	11-51	12-41
July 23, "	12-11	12-01	12-93	10-22	9-88	11-44	12-32
July 30, "	12-05	11-81	12-81	10-32	9-84	11-13	12-18
Aug. 13, "	12-67	11-86	12-86	10-23	9-76	11-20	12-47
Aug. 20, "	14-04	11-90	13-03	10-47	9-91	11-34	13-07
Aug. 27, "	14-43	11-99	13-21	10-73	9-88	11-36	13-41

The quantities catalogued for the public auctions in Mincing Lane this week comprised 48,728 packages of Indian and 24,632 packages of Ceylon tea. There was a good general demand for all descriptions of Indian, with prices showing a hardening tendency. Some irregularity was displayed at Tuesday's Ceylon auctions, but export demand was strong.

VEGETABLES.—At Covent Garden, according to *The Fruitgrower's* report, tomatoes continue an active trade and prices are a point firmer on the week. Cucumbers are also doing better and mushrooms remain dear. Lettuce, mint and green onions are going out well. Supplies of runner beans and marrows, however, remain in excess of current requirements, while cabbage continues to sell at low rates. With ample supplies and demand flagging on account of the warm weather, the potato trade has been rather quiet this week. But, at the Borough market on Tuesday, best King Edwards made 6s. to 6s. 6d. a cwt., against 5s. to 6s. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Quietness continues and trade is small. Linseed oil, governed by the seed market, has given way further to the extent of about 5s. per ton on the week. There is, however, a fair demand from consumers for near delivery. The current price of raw oil ex Hull for September-December delivery is around £25 5s. and January-April, £25 per ton. In the absence of demand, linseed prices have again declined. Offerings from both Argentina and India are good and supplies to December seem well assured. The outlook for the new crop in Argentina

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continues favourable, and, should weather conditions prove anything like satisfactory, a large yield is possible. There is talk of as much as two million tons, but this is pure conjecture as the young plants are not sufficiently forward. Hardly any Plate line seed is now on passage to this country, the great bulk being from India. There is, however, more Plate afloat for the Continent and for the United States. The latter is absorbing fair quantities to make up the deficiency in the domestic yield. The exportable surplus in Argentina and India is put at 425,000 tons as against 609,000 tons actually shipped in the remainder of 1935. A fair trade in the new Egyptian cotton seed is reported at lower levels. For October loading to Hull, £7 5s. and for February, £7 to £7 2s. 6d. have been paid. Shipment has not yet begun; meanwhile cotton oil on spot is scarce and late quotations are maintained around £29 10s. for crude and £32 for refined, ex Hull.

RUBBER.—After languishing for some weeks, the market has registered an improvement. Demand has shown some revival, although purchases have been almost entirely for spot and near shipment. Owing to the hand-to-mouth policy of manufacturers and the absence of speculative interest, forward positions have been neglected. Meanwhile, United Kingdom stocks continue their downward trend. The spot price in New York on Wednesday was 16½ cents per lb., compared with 16½ cents per lb. a week ago and 16½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. to 7½d. for "October-December" shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 108,066 tons, against 109,461 tons a week earlier. A year ago stocks amounted to 176,705 tons.

WHOLESALE COMMODITY PRICES UNITED KINGDOM

LONDON, September 2nd				The prices in the following are revised with the assistance of an eminent firm in each department.			
CEREALS AND MEAT				POTATOES—			
GRAIN, Etc.—				English King Edward			
Wheat—				per cwt.			
No. 2, N. Man.	496 lb.	37 3		English King Edward	6 0	6 6	
Eng. Gaz. av.	per cwt.	7 9		SPICES—			
Barley, Eng. Gaz. av.	10 1			Pepper, per lb.—			
Oats	7 1			Black Lampong	0 2½		
Maize, La Plata, landed	25 0			White Muntok	0 4½		
480 lb.	31 9			Cinnamon—1st sort, per lb.	0 8½		
Flour, Lon. Wan. ex mill,				Cloves—Zanzibar per lb.	0 8		
280 lb.	8 1½			Ginger—per cwt.—	67 6		
Rice, No. 2 Burma, per cwt.	8 1½			African	62 6	90 0	
MEAT—				Jamaica, ord. to good	1 3	2 3	
Beef, per 8 lbs.—				Mace—per lb.	0 11½		
English long sides	3 8	4 8		Nutmegs, 65's	0 11½		
Argentine chilled hinds	4 0	4 4		SUGAR—			
Mutton, per 8 lbs.—				(Duty, 11/8 per cwt.)			
English wethers	5 8	6 4		Cubes	21 10½	22 4½	
N.Z. frozen	3 0	3 8		Crushed	20 0	20 1½	
Lamb, per 8 lbs.—				Granulated	18 0	18 10½	
N.Z. frozen	4 8	5 4		Home Grown	17 9	18 1½	
Pork, English, per 8 lbs.	5 6	6 0		TEA—			
OTHER FOODS				Indian—per lb.—			
BACON—				Pekoe	0 11½	1 7½	
English	per cwt.	99 0		Broken Pekoe	0 11½	1 7½	
Irish	91 0	101 0		Orange Pekoe	1 0½	2 11½	
Danish	100 0			Broken Orange Pekoe	0 11½	3 5	
Dutch	96 0			Ceylon—per lb.—			
HAMS—				Pekoe	0 11½	1 9	
Canadian	94 0	96 0		Broken Pekoe	0 11½	1 6	
United States	87 0	90 0		Orange Pekoe	0 11½	1 6	
BUTTER—				Broken Orange	1 0	1 10	
Australian	117 0			TOBACCO—			
New Zealand	117 0	118 0		(Duty, 9/8-10/8½ per lb.)			
Danish	123 0			Common to fine	0 8	2 6	
CHEESE—				Rhodesian leaf	0 7	1 10	
Canadian	per cwt.	70 0	72 0	Nyasaland leaf	0 7	1 4	
New Zealand	68 0			strips	0 9	1 6	
English Cheddar	76 0	80 0		East Indian leaf	0 5	1 4	
Dutch	48 0	53 0		strips	0 6	1 6	
COCCA—				TEXTILES			
(Duty, British grown,				COTTON—			
11/8; foreign, 14/- cwt.)				Mid-American	per lb.	6-73	
Accra, f.f.	per cwt.	32 3	32 6	Sakellariadis, f.f.	10-39		
Trinidad	52 0	57 0		Yarns, 32's twist	10½		
Grenada	59 0	64 0		FLAX—			
COFFEE—				60's twist	16½		
(Duty, British grown				Livonian ZK	per ton	59 10	60 10
4/8; foreign, 14/- cwt.)				Permian HD	nominal		
Santos sup. c. & f. cwt.	42 0			Slanetz Medium 1st sort	72 10	74 0	
Colombian, good	48 0	58 0		HEMP—			
Costa Rica, med. to good	54 0	74 0		Italian P.C.	per ton	nominal	
East Indian	46 0	85 0		Manilla, Aug-Oct. "J 2"	29 5		
Kenya, medium	46 0	90 0		Sisal, African	25 0	27 0	
EGGS—				JUTE—			
English	per 120	14 9	15 0	Native 1st mks.	per ton		
Danish	11 0	11 3		c.i.f. H.A.R.B.			
FRUIT—Oranges—				Aug-Sept. (new)			
South African	boxes	14 0	22 6	Daisies 2/3 c.i.f. Dundee			
Brazilian	boxes	14 0	21 0	SILK—			
Lemons, Malaga	cases	28 0	32 0	Oct-Nov.			
Sicilian	boxes	28 0	32 0	Canton	per lb.	3 8	4 6
Apples, Amer. (var.) brls.				Tussah	per lb.	6 9	7 6
(var.) boxes	8 0	9 6		Japan	per lb.	7 6	11 0
" Australian				Italian—raw, fr. Milan			
Onions—							
Valencia, case	7 0	8 0					
Egyptian, bags							
Oct-Nov.							
Grapes, Almeria, barrels	12 0	18 0					
Grapefruit, S. African							
" Amer.							
LARD—							
Irish bladders	62 0	70 0					
U.S.	per cwt.	61 6	63 0				

† These prices are for fuel oil for inland consumption—other than for use in Diesel-engined road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations unless otherwise stated)

	Sept. 4, 1935	Aug. 5, 1936	Aug. 26, 1936	Sept. 2, 1936		Sept. 4, 1935	Aug. 5, 1936	Aug. 26, 1936	Sept. 2, 1936
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	88½	113½	111½	108½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-45	3-65	3-70	3-70
Maize, nearest future, Chicago, per bushel	73½	106½	112½	104½	Cotton, middling, spot, per lb.	10-70	12-59	11-88	12-05
Oats, nearest future, Chicago, per bushel	25	42½	42½	39½	Rubber, smoked sheet, spot, per lb.	11½	16½	16½	16½
Rye, nearest future, Chicago, per bushel	40½	82½	83	80½	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	43	75½	79	75	Copper, "Electrolytic," Domestic, spot, per lb.	7-92½	9-27½	9-40	9-47½
Coffee, Rio No. 7, cash, per lb.	6½	8	8	8	Copper, "Electrolytic," Export prompt, per lb.	8-15	9-50	9-62½	9-70
" Santos No. 4, cash, per lb.	8½	9½	9½	9½	Spelter, East St. Louis, spot, per lb.	4-80	4-80	4-80	4-85
Cocoa, Accra, nearest future, per lb.	4-73	6-10	6-62	6-73	Lead, spot, per lb.	4-35	4-60	4-60	4-80
					Tin, "Straits," spot, per lb.	48-55	42-75	42-50	42-87½

(a) Nominal.

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BRITAIN AND PALESTINE

NINETEEN years after the British forces with their Arab allies captured Jerusalem and freed the Holy City from Turkish rule, British troops are being shipped from England to quell by force a spontaneous Arab campaign of violence against the rule of the British Mandatory Power. At the end of last week the invitation of the Palestinian Arab Higher Committee to General Nuri Pasha, Foreign Minister of Iraq, to attempt mediation had resulted in pourparlers—though not with the British authorities—which emboldened us to expect a happy issue from a campaign of insurgency that had already lasted for more than four months, and had outgrown the dimensions of a general strike.

Unhappily, as a letter from Mr. Ormsby-Gore, Colonial Secretary, to Dr. Chaim Weizmann, the President of the Jewish Agency, showed, General Nuri Pasha had no authority from the British authorities—neither from the British Government nor from Sir Arthur Wauchope, the High Commissioner in Palestine—to offer the Arab Higher Committee any concessions, least of all the cessation of Jewish immigration pending the visit of the already constituted Royal Commission. The Arab Higher Committee issued a manifesto to the Arab people on August 31st in which they announced that pending a settlement, with or without General Nuri Pasha's aid, the strike should go on, and that, meanwhile, negotiations should proceed.

It now appears that the Arab Higher Committee only put out their manifesto in order to maintain unity among the Arabs themselves, the younger elements of whom were inclined to break away from the Higher Committee's authority and continue the struggle at all costs. The Committee announced this week that negotiations with General Nuri Pasha had reached a favourable juncture by the end of last week, and that they had in effect given him a free hand to mediate, in the hope that he would secure full recognition of his credentials from the British Government, and so be able to effect a settlement on the basis of which Arabs, Jews and the British mandatory might deliberate, and the Royal Commission might set to work. As it was, however, last Saturday morning it was announced that 12,000 British troops—mainly withdrawn

from summer manoeuvres—would be despatched to Palestine; that some 3,000 "A" class reservists (those who had left the Service during the last twelve months or so) were being recalled to the colours; and that martial law might have to be applied in Palestine. And on Monday evening the British Colonial Office issued a statement of policy in which they expressed friendship for the Moslem peoples, but also their determination to employ every means, including force, in combating the Arab campaign of violence. They would yield neither to terrorism nor to outrage. The Royal Commission, it was reiterated, would not take up its task until the Arabs called off the campaign; and the British Government reaffirmed their interpretation of their mandatory obligations to safeguard the civil and religious rights of all the inhabitants of Palestine and their intention not to abandon the Mandate. They included, however, a categorical statement that the intervention of General Nuri Pasha had led to no satisfactory result, and that the Arab leaders, in their manifesto, had made clear their intention to continue the strike until their aims had been attained. The campaign of violence and threats could not be allowed to continue, and more rapid and effective action had become necessary to bring the present state of disorder to an end with the least possible delay.

The interpretation put by the British Government on the result of General Nuri Pasha's intervention is not easy to understand. It is inconceivable that the Arab Higher Committee, having invited General Nuri Pasha to mediate and repeatedly asked for his advice should, at the moment when his good offices were commending themselves to the overwhelming majority of the Committee, issue a unanimous manifesto of the "do or die" kind, pledging every Arab to fight all the forces of the British Crown until every Arab claim were met. Thus, the British Government appear, on the face of it, to have acted, after a delay of more than four months, with a convulsive zeal which, in the circumstances, may provoke rather a bloody rebellion by the Arab extremists than a general collapse of the Arab resistance. This is, indeed, the contention of the majority of the Arab Higher Committee and its secretary in reply

to the Government's statement of policy; and it must be taken very seriously.

It would be a calamity if the Government's zealous firmness provoked violent terrorism into open rebellion, however rapidly the British troops could quell the Arab rebellion in a blood bath. It would not solve the essential problem: the impartial administration of the Mandate in a manner calculated to harmonise the economic and social interests both of Arabs and Jews. It would probably garner a harvest of Dead Sea fruit; for, as we show in a Note on page 469, at a moment when Syria is following Iraq into complete independence and all the Arab sovereigns and peoples have their eyes on their brothers in Palestine, provocation of the Palestinian Arabs to become martyrs in the cause of Arab nationalism might easily undo much of the good work recently achieved in Egypt, Iraq, and Saudi Arabia, and raise problems for the British Government of more than Palestinian dimensions. There are about 800,000 Arabs in Palestine, of whom about 100,000 are Christian or non-Moslem; there are a little over 300,000 Jews; and the majority of the Arabs are sick of violence and outrage. They want a return to normality, and reasonable discussion of their understandable grievances. Those grievances have somehow to be met, as we showed in our article of June 27th. To this end the Arab Committee were working for the creation of a situation in which the Royal Commission might get to work; and last week such a situation seemed on the point of achievement. What may now transpire is scarcely a matter for optimism or satisfaction. "The only thing you cannot do with bayonets is to sit on them." And if the Royal Commission is to discuss the grievances of an embittered majority of the population of Palestine behind a ring of steel, the auguries for the development of our mandatory trust in that country do not seem bright.

TRADE UNION POLICY

THE eyes of the delegates to this week's Trade Union Congress at Plymouth have been evidently fixed on Spain, Russia and Germany. Some critics have accordingly seen fit to accuse the representatives of British labour of ignoring the interests of their own people and allowing themselves to be distracted by irrelevant issues. This is a most perverse line of criticism. The T.U.C. meets this year at a time when at home employment and wages are rising, but abroad the trade union movement is being assailed by force in yet another European country. Since 1933 not only have the British working man's political and trade union rights remained assured, but his economic position has been steadily improving. Yet in the same period trade union organisation has been destroyed in Germany and Austria by anti-democratic methods, and attacked in Spain. And in recent months the spectre of Fascism as an international movement has come to assume some of the contours of reality. It has become inescapably clear, in fact, that the most dangerous threat to the British working man's standard of living comes not from abroad but from home.

No surprise need therefore be felt at the continued recurrence in the T.U.C. delegates' speeches of reference to European events. Indeed, nobody of ordinary human feeling, watching the spectacle of the Spanish conflict, could well remain unmoved; and Mr Findlay, this year's President of the T.U.C., was undoubtedly expressing the sentiments of the mass of the British people when he spoke of those in Spain who were "making their magnificent fight in defence of constitutional government." He was also expressing a widely felt sentiment when he said that "it was a matter of most profound distress to most of us to see a reversion to less humane methods of rule in Soviet Russia." The President of the T.U.C. deserves every credit for openly protesting against Soviet, as well as Fascist, terrorism. It shows him to be a truer friend of democracy than those supporters of the Right in Great Britain who have given unreserved moral support to the Spanish rebels.

There was remarkably little evidence in the Congress, either in Mr Findlay's speech, in that of Mr Attlee, who

was representing the Parliamentary Labour Party, or even in those of the delegates, of a desire for immediate intervention in Spain. A few speeches were made in favour of actively assisting the Spanish Government; but, after Mr Bevin and Sir Walter Citrine had pointed out the danger of European war, the Congress voted by a 60 to 1 majority against intervention. The chief positive contribution made by Mr Findlay to the nation-wide debate on foreign policy was the declaration that "British Labour could never acquiesce in, but would fight strenuously against, any policy which secured temporary peace in Western Europe while giving a free hand in Eastern Europe and against the Soviet Union." This, together with Mr Attlee's declaration, that we have to "rebuild the League," is clearly of great importance; and as the official attitude of the British Labour movement it seems likely to endure. For there is nothing incompatible in a simultaneous abhorrence of Soviet internal methods and a belief that the U.S.S.R. as a whole is likely to throw its influence on the side of the peace-loving nations—particularly when the origin of the quarrel between Stalin and the Trotskyists is Stalin's desire to ally the U.S.S.R. with the pacific capitalist powers. It was probably the same anxiety to strengthen the influence of the pacific powers that restrained the delegates from any very vehement protests against the Government's re-armament policy.

Inevitably keen, however, as was the concern felt by the Congress at the threat to peace, much more than half the time available was devoted to discussion of internal labour conditions. In a year when the cost of living as well as profits are rising, and when trade union membership is recovering markedly, a more aggressive demand for a forward wage policy might perhaps have been expected. We have now reached the moment in the upward swing of the trade cycle when, traditionally, the strike weapon is used to convert increased profits into increased wages. Yet the Congress showed itself far more anxious for shorter hours, paid holidays and less overtime than for further wage increases. Even if the support for shorter hours as a "work-sharing" expedient diminishes with falling unemployment, the gradual rise in the worker's standard of living evidently tends to intensify his preference for leisure rather than income. And the striking success of the French and Belgian industrial workers in their campaign for a 40-hour week and paid holidays has clearly caught the imagination of their British colleagues. The claim is one of which we are likely to hear more in the future.

The absence of any aggressive demand for the use of the strike weapon is also no doubt partly due to the very success of normal trade union pressure during the past few years in securing wage increases. This has disinclined the worker to adopt a more dramatic method. The mere threat of strike action has won better wages for the miners, the railwaymen and various other important sections of the workers in the past two years. The trade union leaders may accordingly be satisfied with the fruits of their gradualist policy. That policy, together with the slow pace at which the cost of living has risen during recovery, are two important reasons why recovery in this country has not yet been precipitated into anything which can fairly be called a boom. Two eventual conditions of the continuance of steady recovery, therefore, are likely to be the adherence by the T.U.C. to its moderate policy and the easing by the Government of restrictions on food imports as prices tend to rise further. There is substance, however, in Mr Bevin's warning that present prosperity is almost entirely based on building and re-armament; though his calculation that "peace and a slight slump in building" would mean 3,000,000 unemployed by 1939 is surely very pessimistic.

The most spectacular debate on internal affairs at the Congress was concerned with the Unemployment Regulations and the means test. Delegates' speeches made it clear once again that the family means test is one of the subjects on which spontaneous working-class feeling runs strongest, particularly in the distressed areas. Sir Walter Citrine, however, in a notable speech of strict democratic propriety, while expressing resentment against the means test, rejected a suggestion emanating from South Wales and Durham that the T.U.C. should boycott the Corona-

tion and organise a march on London as a protest. Direct action, Sir Walter said, to coerce a newly-elected Parliament into altering its considered vote would be the most likely thing in the world to provoke direct action in reply by the opponents of the trade union movement. Never was the British working man's faith in the efficacy of democratic methods more convincingly expressed.

Various other measures of domestic reform were urged in the course of the speeches; and an impressive case was made for the raising of the school age to 16, the abolition of the waiting period of six days before the receipt of unemployment insurance benefit, and the extension and more rigorous enforcement of the Factory Acts. The dominant issue of internal politics, however, was naturally the possibility of the Labour Party forming a "United Front" with the Communists and even a general "Popular Front" of all Left-wing parties. The general desire of both the T.U.C. leaders and rank and file for a union of all forces opposed to reaction was clear enough. But there was no sign that the formidable practical difficulties had yet been surmounted. The dilemma from the trade union point of view is, of course, that on the one hand alliance with the Liberals and not the Communists might mean a loss of working-class support; while on the other hand the Communists, exiguous as they are, might prove a liability rather than an asset as political allies. The President consequently contented himself with the plea that all anti-Fascist groups should "refrain from firing at one another and turn their fire upon those who were opposed to them on every fundamental aim"; and there was no very determined pressure from the rank and file for alliance with the Communists. In general the discussion gave the impression that the issue would be postponed until the Labour Conference next month: and that that Conference would probably decide against Communist affiliation.

It would be a mistake to infer from this that the British trade unionist is the victim of a sectional and partisan outlook. Indeed, this charge comes ill from those who at the same time accuse the T.U.C. leaders of neglecting their own supporters in the interests of foreign trade unions. There is in reality something profoundly gratifying in the concern shown at Plymouth for the future of democracy in Europe and beyond. In a world where one statesman after another has become the slavish adherent of a narrow nationalism it is encouraging, if ironic, that the humbler trade unionist, traditionally charged with sectionalism, should feel himself a member of a community a little wider than his own country.

RISING PRICES

No estimate of the prospects of British trade activity can be made at the present time without reference to the question of changing prices. The trend of industrial profits and the volume of business activity are closely affected by changes in price relationships. Normally, prices of primary products are much more sensitive than those of manufactured goods and services, because the international commodity exchanges are subject to psychological factors which are not operative in the case of finished articles. Moreover, as the output of many primary products cannot be as readily adjusted to rapid changes in demand as the production of manufactures, long-term fluctuations in their prices tend to be much more marked than in those of finished goods. Thus, during such an upward movement of the trade cycle as has been in progress recently, the prices of primary products tend to rise faster and farther than those of manufactured goods. The prime cost of a finished article also contains a substantial, though varying, element of wages, and wages as a rule do not rise appreciably until a fairly late stage in the cycle. So far money wage rates in this country have risen only by 4.3 per cent. from their lowest; moreover, the official index of wage rates did not begin to advance until the second quarter of 1934, when recovery was already well under way. The prices of manufactured goods, in fact, hardly ever rise precipitously until industries are working at, or near, capacity.

In Great Britain, prices of manufactured articles tended



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to fall until last year, despite a substantial increase in quotations for primary products. More recently, however, pressure for higher wages and a rise in raw material prices have tended appreciably to raise manufacturing costs. So far, manufactures are little dearer, on the average, than a year ago, but their trend is now unmistakably upwards. The index of average British export prices, for example, rose from 81.1 (1930 = 100) in the second quarter of 1935 to 82.1 and 82.7, respectively, in the first and second quarters of the current year. It is quite possible that the advance of the prices of finished articles may be accelerated in the future, at least in a number of important industries, such as iron and steel and metal manufacture, which are now working practically at capacity. There are, however, no indications of such a precipitous and general advance in costs as would arrest the expansion of business activity in the near future.

Prices of primary products, in the meantime, are steadily moving upwards. After the re-stocking movement in the autumn of 1935, generated by the fear of a possible spread of the dispute between Italy and the League of Nations which caused an upward rush of quotations, prices of primary products moved within narrow limits until the end of last May. The general tendency of quotations was slightly downward, the *Economist* index of the prices of primary products falling from 133.6 (September 25, 1931 = 100) on October 23, 1935, to 130.1 on May 27, 1936. During June and July, however, prices advanced rapidly, and the *Economist* index rose to 142.4 on August 5th. Since then there has been a temporary lull, but the general tendency of quotations is still definitely upwards. The latest advance, significantly enough, has not been accompanied by a corresponding depreciation of the gold value of sterling. The rise of 9 per cent. in our index of prices of primary products since May 27th took place despite a slight fall in the sterling price of gold. Actually, while the sterling price of gold is now the same as in July, 1934, our index of primary products has risen in the meantime by 18 per cent., and our complete index, which includes a number of semi-finished articles, by 10 per cent.

The recent advance in the prices of raw materials and crude foodstuffs, however, has been far from uniform, as the following table suggests:—

	1934	1935	1936	
			May 27th	Sept. 9th
Copper, standard cash, per ton	£ s. d. 27 8 9	£ s. d. 33 13 9	£ s. d. 36 12 6	£ s. d. 38 8 9
Lead, soft foreign,	10 1 3	15 13 9	15 11 3	17 18 9
Spelter, G.O.B.,	12 7 6	15 2 6	14 8 9	14 0 0
Tin, standard cash,	228 17 6	219 0 0	201 8 0	194 0 0
Tin, three months,	227 2 6	209 0 0	196 5 0	191 15 0
Cotton, American,	0 0 7-15	0 0 6-22	0 0 6-59	0 0 7-02
Wool, Queensland,	0 1 11	0 2 1	0 2 2½	0 2 2
Linseed oil,	19 15 0	22 10 0	24 2 6	25 10 0
Rubber, smoked sheet, per lb.	0 0 7½	0 0 5½	0 0 7½	0 0 7½
Timber, Swedish,	17 15 0	17 15 0	17 10 0	18 10 0
Butter, Danish,	5 8 0	6 0 0	5 8 0	6 8 0
Sugar, Cuban 96,	0 4 6	0 4 3	0 4 9½	0 4 5½
Tea, auction average, per lb.	0 1 0-30	0 1 2-74	0 1 0-54	0 1 1-86
Wheat, Liverpool futures,	0 6 0	0 5 10	0 5 7	0 7 5
Gold,	7 0 5½	7 0 11	6 19 6	6 17 5½

Of the thirteen commodities included in the above table, nine rose and four declined between May 27th and September 9th. These changes may be considered in greater detail. We may take first the four principal non-ferrous metals which are subject to international arbitrage. Copper, lead, spelter and tin all fall into the category of commodities which are produced continuously. In each case there has been quite a substantial improvement in demand, with the possibility of a further expansion. Supplies of copper and tin are regulated, and lead producers work under a gentlemen's agreement. Copper and lead have both risen substantially in price. The decline in tin was due to the realisation that quotations had been maintained at an artificial level in past years and to increased uncertainty about the future of the restriction scheme. That the market had lost faith in the possibility of maintaining tin prices at £230 per ton is indicated by the disparity between the cash and three months' quotations since 1935. Rubber is also subject to international control. After a sharp rise following the inception of the restriction scheme, it was realised that it was impossible to balance supply and demand at a higher level of prices within a short period. Prices reacted sharply in 1935, but as restriction, helped by a steady increase in demand, is now gradually becoming effective, they have recently tended upwards. The timber position changed radically with the formation of the European Timber Exporters' Convention last November, under which exports of sawn and planed timber from the leading exporting countries were limited. After a long period of depression prices rose sharply this year. The latest developments in the timber market are discussed in greater detail on page 470.

Of the two textile raw materials, cotton has risen in price, and wool has slightly fallen, since May 27th. The rise of cotton prices in recent years is the direct outcome of the restrictionist policy of the United States Government. Nevertheless, prices showed a sagging tendency last year, for the maintenance of high prices for American cotton had stimulated cotton growing in other countries. The sharp upward movement this week was due to the reduction in the official forecast of this year's yield of the crop in the United States. The slight decline of wool prices represents a natural reaction following the steep advance of prices between September, 1935, and March, 1936. But as this year's wool clip is not likely to be much bigger than a year ago, and as stocks both in producing and consuming countries at the end of the season were comparatively low, no serious downward movement in prices is expected in the near future. Linseed oil tended to rise in price, partly as a result of crop failure in the United States and partly owing to the expectation of a smaller crop in Argentina. More recently, however, the price of linseed oil has declined somewhat as the area under linseed in Argentina and the available exportable surplus of last season's crop had been somewhat underestimated.

The marked improvement in wheat prices since May 27th is the direct outcome of another North American crop failure, as a result of which the excessive supplies which have for so long depressed prices are likely to disappear during the current season. A rise in prices, therefore, was justified, and the recent decline was merely in the nature of a corrective reaction. The price of tea has also tended to rise as supplies of this commodity are strictly regulated. Sugar is one of the few foodstuffs which have so far failed to rise in price. Despite the reduction in the output of Cuba and Java, the world's great exporting countries, the free market in raw sugar has dwindled in recent years as a result of subsidised home production and strictly limited import quotas by importing countries. Consequently, the much-reduced volume of unsold stocks is tending to depress prices as much as the larger volume of stocks in a free market.

As a result of the rising tendency of prices for raw materials and crude foodstuffs, the cost of production of manufactured articles is steadily increasing. At the same time, however, the rise is making a substantial contribution to world recovery by raising the income of a large section of the world's population. And it is likely to continue. It is highly unlikely, however, that rising raw material prices will themselves be sufficient to reverse the present trend of British industrial activity.

MR ABERHART'S EXPERIMENTS

(FROM A CORRESPONDENT IN ALBERTA)

THE experiments which Mr Aberhart, the Social Credit Premier of Alberta, is now conducting, must be described under two distinct headings—"Prosperity Certificates" and "Alberta Credit." There is no connection between the two except their common origin in the brains of Mr Aberhart and his confrères.

"Prosperity Certificates" are a form of stamped scrip—denomination \$1.00—the face a fair imitation of a Bank of Canada dollar bill—the back with 104 dated spaces for 1c. stamps. The scrip is redeemable in two years at \$1.00 when 104 1c. stamps have been affixed weekly. It is thus nothing more nor less than an entry form for a heavy turnover tax scheme, and discriminatory at that, because the tax only applies on the critical weekly dates. The order-in-council dated June 11, 1936, and purporting to be passed under the authority of the "Social Credit Measures Act," authorises the issue of \$2,000,000 of these "certificates." It is stated that \$500,000 have been printed, the use of \$250,000 approved, and some \$175,000 actually issued, mainly for work done during July on small road projects throughout the province.

Organised business, including the manufacturers and wholesalers, promptly announced its inability to take the "certificates," giving full reasons for refusal and notifying the retail trade. The Government itself will not take them at the Provincial Liquor Stores, at the School Books Branch of the Department of Education, for current business of the Provincial Telephone System, as fees for the Provincial University, or for Provincial licences, Land Titles, Office fees, etc., etc.; but it will accept them for old telephone accounts of abandoned branch lines and for sales tax. The latter is important as some merchants, who would not otherwise attempt to circulate the scrip, are accepting it up to the amount of their 2 per cent. Provincial Sales Tax.

The Government has agreed to redeem on a fixed date monthly from wholesalers and manufacturers such portion of their "certificates" as they cannot pass out locally. This was later enlarged to cover redemption from anybody in business who can prove to the Government his need of real money. Assuming that the Government is able to carry out this undertaking, the result will be an additional tax up to 4 per cent. or 5 per cent. for stamping the scrip up to the monthly redemption date and the great majority of business houses decline to pay this tax. Circulation so far has been secured by the not inconsiderable demand as souvenirs, through the efforts of enthusiastic Social Creditors and through a few larger concerns, hungry for business at any cost, or perhaps protecting themselves against the additional tax at the expense of the customers. The issue has been so widespread that very little disturbance is apparent at any one point, and the present small total can, and probably will, be quickly absorbed by the Provincial Treasury.

The Government also induced the Council of the City of Edmonton to enter into an agreement whereby, for the month of August, the City was to take \$85,000 of scrip instead of the \$55,000 of good money to which it is entitled as a Provincial grant towards unemployment relief, being, in turn, a parcelling out of a Dominion grant for that purpose. The agreement was promptly attacked in the courts and an interim injunction was secured which has been appealed by the City and the Province. The Court action should help to clear up the situation, because it attacks the agreement with the City on very general grounds, claiming not only that it is *ultra vires* of the City Charter, but that the issue of "certificates" does not fall within the powers given by the "Social Credit Measures Act" and is, generally, *ultra vires* of the Province.

Apart from this unexpected check through legal action, it is the general view that the Government speedily recognised the virtual failure of its "certificate" scheme and intended to abandon it, of course fixing the blame for the failure as far as possible on "the big interests." It, therefore, rushed into its more ambitious scheme of Social Credit proper.

This scheme is based on the issue of registration forms and of "covenants" with, respectively, "Individual

Citizens," "Retailers," "Manufacturers and Processors" and "Farmers and Producers." By the terms of the covenants farmers and manufacturers must stand ready to sell at least half their output for "Alberta Credit," the others must use it as much as possible—a nice vague term. All must work hard and none must ask for redemption of the "Alberta Credit" or tender it to the Government for taxes, licences, fines, etc. The Government covenants to establish and maintain profitable prices, to grant interest-free loans in "Alberta Credit" and, above all, to give monthly "dividends" so as to augment purchasing power.

The Dominion Government has sole control of currency, coinage, paper money and legal tender. No province may impose tariffs or quotas or otherwise restrict inter-provincial trade. In defiance of these things the Alberta Government, by the "covenants," is endeavouring to do voluntarily what it cannot enforce legally—to set up a system of currency, the so-called "Alberta Credit," and to control prices and the free flow of commodities so that it may ensure prices profitable to producer, manufacturer and retailer. The whole thing may be regarded as an attempt to create instantaneously a province-wide co-operative enterprise embracing producers, manufacturers and consumers. It may be significant that the Premier's latest announcement concerns negotiations with British Co-operatives to take surplus products of Alberta, such as wheat and cattle, in exchange for commodities which are not yet available here.

Instead of the \$25.00 a month which won the election, Mr Aberhart now talks of a Social Credit dividend reduced in size by the drought in parts of the province, and says that the actual amount of the dividend and other details can only be determined after compiling the answers to the questionnaires. It may be judged better politics to be disappointed at the result of the registration, especially by the farmers, manufacturers and retailers, and to postpone the whole plan, assuming the role of a thwarted benefactor. Subject to this, we seem destined within the next few months to have the whole machinery set up, of State credit houses and "dividends" and loans in "Alberta Credit"—i.e. entries on the credit side of an account transferable by an order which is constantly likened to a bank cheque.

Outsiders can have no conception of how much this Alberta experiment owes to its religious background and accompaniment. Twice every Sunday, at large meetings and over powerful radio stations, Mr Aberhart and his special disciple Manning—they are interchangeable and, over the air, indistinguishable—prate, pray and preach, denouncing the forces of evil in economics equally with those in morals and religion. For example, the above-mentioned court injunction prompted a fervent prayer to the Almighty to remove the impediments placed in the way of relief to suffering humanity—an appeal which short-circuits a great many earthly courts.

THE PROBLEM OF CHANGE

It is not often that it falls to an economist, professing or amateur, to preside over the British Association for the Advancement of Science. This fact alone would have lent a certain interest to this year's meeting. But in truth it is not often given to any calling, or even to the British Association itself, to count among its members a man of such varied activities in so many different spheres, of such wide learning matched by such practical experience, as Sir Josiah Stamp. Sir Josiah is an economist, a statistician, an expert on taxation; he has had the most eminent experience in the Civil Service, in the chemical industry and in the railway world; he is a banker (in two different branches of the profession) and Mayor of a flourishing borough; he is actively associated with a number of learned societies; he is an inexhaustible lecturer and writer. There is no shadow of hyperbole in the statement that there is no man living, in any country of the world, better fitted to interpret the practical world to Science and Science to the practical world, or to bridge the gap that too widely separates the "natural" sciences from those which deal with that very unnatural and unscientific creature, Man.

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The Presidential Address to the British Association is not an occasion for the detailed monograph but for the broad outlook, and Sir Josiah's subject, "The Impact of Science on Society," is certainly broad enough in its implications. He made it clear that he was not concerned with the effects of Science upon Society. It was not the results of change that occupied him, but the process of change itself. There was a hint of reproach here and there to the physical scientists for confining themselves too exclusively to their research without considering its social consequences. Moreover, when scientists do lift their eyes from the test-tube, their attitude towards the wider problems is too frequently unscientific. "My own experience," says Sir Josiah, "is that when the attempt to deal with social consequences is made, we quickly find ourselves either in the field of larger politics debating the merits of the three prevalent forms of State government, or else performing miracles with fancy currencies and their blue prints reminiscent of the chemical engineer."

His main purpose, however, was not aggressive, but to plead for time, money and scientific spirit to be spent on studying the problem how best to adjust Man, especially in his economic organisation, to the scientific wonders he is constantly evoking. This is an almost virgin field. Indeed, it is astonishing that with so much clamour and dispute about the merits of this, that or the other economic system, so little attention has been paid to the problem of peaceful change, perhaps the most vital of all, in economics as in politics and international affairs. Sir Josiah has done something in this address to map out the ground that will have to be covered. To begin with, he questioned the assumption that "improvements" must always be introduced as quickly as possible. To scrap an old process for a new may mean depriving both men and machinery of their utility. The men may be reduced to "unskilled bipeds," the machinery to useless scrap iron. This is a real cost to Society, not merely to the workers or the capitalists directly concerned, for Society is poorer by the waste of skill and capital. Sir Josiah conveniently gave embodiment to the argument by estimating the cost of premature obsolescence and unemployment, due to innovations being forced on industry by the pressure of competition, at something of the order of 3 per cent. of the national income. The point is substantial, though it is as well to remember that the unduly slow introduction of improvements by a monopolist may carry a greater social cost than their unduly rapid introduction through competition. Moreover, Sir Josiah Stamp the President of the British Association is also Sir Josiah Stamp the Chairman of a semi-monopolist railway which is constantly being urged to speed up its re-equipment.

Sir Josiah showed that he realised this objection by turning from the disadvantages of uneconomic rapidity to those of improvident tardiness in effecting technical changes. The existing system has been subject to a formidable volume of criticism on this score. Much of it is doubtless deserved. It is certainly true that improvements have to wait upon the

emergence of profit before they are adopted. But Sir Josiah made the very pertinent point that improvements cannot be effected in any form of society merely by demonstrating their desirability. Nor is "planning" in this respect a very hopeful alternative, for "it deals mainly with planning the known, and hardly at all for changes in the known." Scientists who call for "the replacement of the present socially irresponsible financial control by socially responsible planning bodies" (the quotation is from Mr Julian Huxley), says Sir Josiah, "tend to think of prevision in terms of knowledge and appreciation of particular scientific possibilities, whereas it involves unknown demand schedules, the unceasing baffling principle of substitution, the inertia of institutions, the crusts of tradition and the queer incalculability of mass mind." Or, to take a practical example, "would a planning committee, planning a new hotel in 1904, have known any better than capitalist prevision that the fifteen bathrooms then considered adequate for social demand ought really to have been ten times that number if the hotel was not to be considered obsolete thirty years later?"

To quote isolated extracts such as these is to run the risk of giving the impression that Sir Josiah was concerned only to defend the capitalist system, whereas his real object was to point out the immense difficulties of change under any system. Indeed, the root cause of the difficulty is unconnected with any form of organisation. Any smoothly changing society has a certain natural periodicity set by the length of working life and the durability of materials. This is so because both human labour and also capital equipment can only with the greatest difficulty be transferred from one employment to another. If change is coming so slowly that its effectuation can wait upon the entry into industry of a new generation of workers or the gradual replacement of capital, it will be accomplished smoothly. For centuries this was so, and change was so slow that there was the illusion of a static society. But it is no longer true. The periodicity of change is now far more rapid than that of adjustment. In the long run, adjustments are doubtless made. But before the long run comes, we have suffered unemployment, and perhaps disrupted Society. Moreover, if the pace of change is quickening, that of adjustment is slowing down. We are shortly to have a declining population, and apart from the adjustments necessary to accommodate production to a changing

market, there is also the consideration that the young, the entrants to industry who have always brought about adjustments, are from now on to be a shrinking proportion of the total labour force. There are other elements making for rigidity: the inevitable decline in enterprise among a less numerous and better-protected younger generation; and the efforts of Society to protect itself against adverse change by petrifying the present structure of industry.

This is the problem which Sir Josiah laid before the scientists at Blackpool. He told them bluntly that it was much more difficult than they imagined ("specialist scientists have no particular gifts for understanding the institutional processes of social life and the psychology of multiple and mass decisions"), and he warned them that it would become more difficult in the future. He propounded no solution; even the President of the British Association cannot be expected to solve in sixty minutes the most difficult social problem of his age. But he did suggest that there is an urgent need for diverting some of the resources available for research in the physical sciences into the biological and social sciences. "We have spent much and long upon the science of matter, and the greater our success the greater must be our failure, unless we turn also at long last to an equal advance in the science of Man."

This is a call which both the State and the individual should heed. The present tendency all over the world is towards rigidity; the world's economic arteries are hardening. The active constructive portion of the world's economy is shrinking and supporting an ever-enlarging malignant growth of surplus tissue. A society, like a man, can continue to exist when its metabolic processes are faulty; but it will be notable neither for robust health nor for longevity. In our present case there is no more urgent task than to smooth the path of economic change. It is a task which will have to be confronted under any form of government; and it is a problem whose solution is ultimately more vital than any of the questions of productivity or equity which so greatly agitate the controversialists. If Sir Josiah Stamp's authority and the peculiar respect and attention which attach to the occasion of his address can serve to make the thinking public aware of the problem before us, the address will rank among the most notable that have been heard even in the hundred and five years of the British Association.

NOTES OF THE WEEK

A Truce in South Wales.—A disastrous stoppage in the South Wales coalfield was averted at the eleventh hour last week-end. Sir Samuel Instone, chairman of the Bedwas Colliery Company, which makes membership of the Miners' Industrial Union a condition of employment, had rejected the suggestion of the South Wales Miners' Federation that a secret ballot should be held to determine which union his employees would prefer. On Saturday, however, in response to representations from Captain Crookshank, the Minister of Mines, Sir Samuel agreed to discuss the question of the ballot with representatives of the Federation under a neutral chairman. And on these conditions the Federation agreed to withdraw the strike notices which would otherwise have taken effect on Monday. The meeting between the two parties to the dispute was held in London on Wednesday; but the discussion was interrupted almost at once by news of an unofficial "stay-in" strike at Bedwas. It was not clear who was on strike, or why; but the conference was postponed until Saturday in order that the truce might be enforced meanwhile. The occurrence of the unofficial "stay-in" strike is a pointed illustration of the tension, suspicion and confusion existing in the Bedwas district. A secret ballot of the miners on the main issue still seems the most practical and reasonable way out; and we can hardly believe that Sir Samuel Instone will persist in his refusal to accept it.

The Conflict in Spain.—It has been a momentous week in Spain. Last week-end Irun fell, though its defenders had burned it to the ground, to the rebel forces, who are now at the suburbs of San Sebastian; and it is uncertain as we go to press whether the various groups of Government supporters in that city will agree to put up a struggle. In Madrid, the Government has been reconstituted with Señor Largo Caballero, the veteran Left-wing Socialist leader, as Prime Minister and Minister for War; Señor Indalecio Prieto, the Right-wing Socialist, as Minister of Marine and Air; and the remaining portfolios divided among Socialists, two Communists, a Basque Nationalist, Catalans, and the ex-Premier Señor Don José Giral. This is certainly a stronger and more representative team of the groups in the Government; and the new Prime Minister has announced far-reaching measures of a financial and military kind which indicate an intensification and improvement of the Government's resistance to the rebel forces. Early evidence of this may be traced in the taking of Huesca, the key-town on the route from Saragossa to Jaca and the French frontier, by the Catalan forces which are gradually investing Saragossa, and in the offensive of Government forces in the South. The Alcázar in Toledo has apparently fallen to them; and near Talavera they are reported to have won back some territory occupied by the forces of General Franco which were advancing

towards Madrid. Meanwhile, the French Plan for securing the cessation of all aid to either side in Spain by other Governments or their nationals is patently in suspended animation, largely owing to the attitude of Portugal and Italy. Both Powers agreed "in principle," but pleaded ignorance of "the precise scope" of the plan. As a result, more Italian supplies of aeroplanes and war material for the rebel forces have been reported during the past week to have been landed in Vigo and Lisbon, for transit into Spanish territory. On Wednesday the first meeting of the "International Committee for the Application of the Agreement regarding Non-intervention in Spain" proved as fruitless as its title is imposing—the discussion was reported by an august contemporary to be "prosaic"—mainly because, though the 26 European countries who have imposed an embargo were represented, Portugal was the only absentee. (Incidentally, it seems strange that while Viscount Cranborne, Under-Secretary for Foreign Affairs, was the British Government representative, the Chairman of this important European committee was Mr W. S. Morrison, the Financial Secretary to the British Treasury.) The Committee therefore recorded its desire to meet again at some future date; and it is devoutly to be hoped that the British Government will in the meantime exert all the pressure of which they are capable upon the one-man Government of "England's oldest ally," Portugal, to prevent that country from becoming the tool of greater Powers interested in the outcome of the Spanish conflict, and to secure effective international neutrality. If it is not secured because of Portugal's interested recalcitrance, Europe—not excluding Britain herself—may soon have much to rue.

M. Blum and the Communists.—The continuous stultification of M. Blum's plan to prevent foreign assistance being given to either side in Spain has provoked a dispute in domestic French politics. The Communists under the leadership of the young and zealous M. Thorez are one of the three elements in the Popular Front, though they are not in M. Blum's Government. They support that Government because, ever since the General Election in May, M. Blum has loyally maintained that his Government must carry out a Popular Front programme; and as far as domestic economic and social legislation shows, the Government have done so. But the efforts of M. Blum's Socialist and Radical supporters to prevent the Spanish conflict from splitting Europe—and perhaps dragging France into war—have merely prevented the Spanish Government from receiving the assistance they might legally expect, while the international *saboteurs* and procrastinators in countries sympathetic to the rebel cause are still running warlike stores and equipment into the rebel camp. This has naturally incensed not only the French Communists, but a substantial proportion of the Radicals and most of the Socialists. The French Government last week-end seemed threatened by disintegration in the Popular Front. This week, despite the attacks on M. Blum's policy over Spain by M. Thorez in his journal *L'Humanité*, the Communist leader has by implication renounced his demand for a "working-class front"—which would mean the workers' rejection of M. Blum—and the Confédération Générale du Travail, the French Trade Union Congress, has declared its fidelity to all groups composing the Popular Front as well as to the Government which was created by that Front. On the other hand, the Trade Unions affirm their sympathy with the Communists' contentions about the day-to-day effect on the Spanish Government of M. Blum's hitherto abortive plan, and request M. Blum's Government to "reconsider" their non-intervention policy. These are ominous words alike for M. Blum and for Europe.

French Armaments and Alliances.—The French Popular Front Government have lost neither time nor energy in replying to Herr Hitler's recent decree prolonging conscript service in the German army. As we pointed out on August 15th and again a fortnight ago, the visit of General Gamelin of the French General Staff to Warsaw, and the return visit of General Rydz-Smigly, supreme chief

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of the Polish armed forces, to Paris last week, were natural reactions to the intensification of the German armament programme, the Italo-German agreement over Austria, the joint Italo-German attitude over Spain, and the Nazis' truculence in Danzig. The French Government have now decided to spend an additional Frs. 13,000 millions during the next four years on re-equipment and mechanisation of the army, extension of defensive works, expansion of the Air Force and its equipment with the most modern types. In 1937, the additional expenditure is to be Frs. 4,000 millions; and the Air Force alone is to be raised to 2,000 first-line craft, irrespective of reserves. Such is the magnitude of the Minister of War, M. Daladier's, proposals which were approved by the French Council of Ministers on Monday. But this is not all; for Poland is to receive about Frs. 450 millions in cash as a loan for the establishment of military equipment factories. A further Frs. 375 millions are to be paid to Russia against Russian deliveries of war materials to Poland—another form of loan to Poland against French exports to Russia. An additional Frs. 975 millions is to be rediscounted by the Banque de France for the Bank of Poland. And a final Frs. 975 millions of French exports of arms and munitions to Poland are to be guaranteed payment by the French Treasury—which, as we know, to-day means the Banque de France. Evidently the French gold reserve can still function as a war-chest, despite the pressure on the overvalued franc and the emptiness of the French Treasury. But the latest decisions drive one more nail into the coffin of the franc's present gold parity, and make the Treasury's probable position next November or December look even more hopeless. France is to send Poland the latest types of heavy bombing aeroplanes and bomber-fighters, heavy guns and—it is reported—submarine minelayers. The last item is disturbing. The British Government's Naval Agreement with Germany last year handed naval supremacy in the Baltic over to Germany, and thus threatened Poland's commercial outlet on that sea at Gdynia. This joint Franco-Polish reply to Germany's armament programme may well have naval consequences for this country—especially as Heligoland has now, on the British Government's own admission, been unilaterally fortified by Germany. This week's news from the Continent should leave no British observer in any doubt about the direction and rapidity of the present arms race.

Nazi Political Economy.—Herr Hitler's opening proclamation to the Nazi Party Rally at Nuremberg on Wednesday was a muddle of economics and politics. The Führer's message to the Rally—which this year receives the title "The Party Rally of Honour"—almost ignores the Jews, political opponents in Germany, the Churches, and "carpers and critics"; for it was based on two main theses—the responsibility of the Nazis for the defence of Europe from Communism, and the necessity for

Nazi Germany to become economically self-sufficing. The first point was driven home by the Führer's deputy, Rudolf Hess, in a speech which linked Italy and Germany as the two Powers whose mission was to prevent the extension of Communism anywhere in Europe—a significant admission of their interests in the Spanish conflict. Herr Hitler's proclamation outlined a four-year plan to make Germany as self-sufficing in raw materials and foodstuffs as possible, and based this on Germany's present dependence on foreign resources and on exports to pay for them. Herr Hitler deplored the inability of foreign statesmen to see that such German exports were a vital necessity; but he did not draw the conclusion that the German self-sufficiency programme in agriculture and discrimination between imports during recent years had deserved equal castigation by Germany's neighbours. He likened "a British statesman's" observation that Germany did not need colonies, because she could buy raw materials with her exports, to Marie Antoinette's adjuration to the hungry mob to eat cake. He claimed that Germany had been "bled white" for fifteen years, conveniently forgetting the magnitude of Germany's borrowings from abroad after the war, only part of which could be set against reparations that ended in 1932. He declared that Germany could not abate one jot of her claims to possess overseas colonies; but made it clear that they would be exploited only in the cause of German self-sufficiency, to enable the Germany of the Four-Year-Plan to extend her own currency area over new markets and resources. Herr Hitler was silent on Nazi Germany's ability to find the necessary capital either to develop virgin colonies or to compensate their former owners. For the rest, he launched a panegyric on the employment and capital-construction created by the Nazi Government's rearmament programme; deprecated strikes; said wages could not be raised, production being more important; and added no word on lagging consumption standards and the eventual cost of the State's credit-inflation. Herr Hitler is free to point to vast armaments and a vast army and air force as the appurtenances of national honour. As Dr. Goebbels said this year, "We may not have butter, but we have the guns." Herr Hitler's avowal this week of the aim and end of the Nazi movement raises a chilling spectre before the rest of us.

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"Hands off Africa!"—Herr Hitler's blunt demand for colonies, and the equivocation of the British Government after their abandonment of sanctions against a European dictatorship which seized an African State, have led the South African Government to protest in no uncertain manner against any proposals to hand African territories over as Danegeld to European dictators. It will be recalled that Generals Smuts and Hertzog roundly condemned the British Government for allowing Italy to "get away with" Ethiopia, and declared that South Africa would be prepared to back sanctions, even if it meant war with Italy. Ever since, the Portuguese, French, Belgian, Spanish and South African owners of African territories have noted the equivocations of Mr Baldwin and Mr Neville Chamberlain; and they suspect that the British Government may be faintly inclined to allow Herr Hitler colonies in Africa—either by acquiescence in as brutal a German *coup de main* as that of Signor Mussolini or by direct negotiations—as long as British territories are not involved. And evidently our South African cousins do not even believe that the present British Government would oppose the return to Germany of South-West Africa, now under the Mandatory South African Government. It is only on such assumptions that one can interpret this week's speeches in South Africa. On Monday, Mr Pirow, Minister of Railways and Defence, told the delegates to the Southern Africa Transport Conference (at which British, Belgian, French and Portuguese Governors were present) that he could "imagine a circumstance in which a threat, a military threat, to one of us might be regarded as affecting the safety of all or most of us." This foreshadowing of a united Pan-Africa movement transcending purely British political bonds, was reinforced by General Smuts on Tuesday, who pleaded for Pan-African "family relations," and warned "those who try to transplant to this Continent the barren feuds and poisonous racialism which are paralysing Europe," that they might find in Africa "the spirit of a small League of Nations."

The strongest utterance, however, was that of Mr J. H. Hofmeyr, in an interview at Daar-es-Salaam, which stated that African territories and peoples were not to become pawns in the European game, and that African peoples themselves should decide their destinies. It concluded with words which may be pregnant with discomfiting possibilities for His Majesty's Government in the United Kingdom: "Hands off Africa!" These were the words which General Smuts exhorted the British Government to make their policy, cost what it might, towards aggression by one European dictator. They failed to do so. Now that Herr Hitler becomes importunate, the wheel is coming full circle.

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The Presidential Campaign.—The American Presidential campaign is now entering on the second phase of its extraordinary quadrennial course. The first phase ends with the nominations of the candidates. There is then a pause for the closing of ranks and the preparation of speeches. After Labour Day, the traditional end of the holiday season (which fell on Monday), the oratorical bombardment begins in earnest, and everything that happens in this period is grist to the electoral mill. Mr Roosevelt has scored first advantage by neatly capitalising the drought crisis. He extracted the utmost political advantage from it by declaring that he would not "play politics with the drought," and by summoning a conference of the Governors of the afflicted States, Mr Landon among them. This conference passed off last week. The Government is projecting a very vigorous programme of immediate relief for the victims of the drought and a no less extensive, though somewhat vague, long-term policy for the agricultural reconstruction of the regions concerned. Mr Landon was compelled not only to occupy second place on the stage of publicity, but also to appear as completely acquiescing in his rival's plans. The labour situation is developing more ambiguously. The split between the two sections of organised Labour is now complete. The American Federation of Labour, whose traditional policies are, in industry, to favour the "horizontal" organisation of the minority of skilled craftsmen, and in politics to remain neutral between the two large parties, has expelled its largest and most vigorous unions. The dissidents, under the aggressive leadership of Mr John L. Lewis, believe in large "vertical" or "industrial" unions, uniting all the workers in one industry, irrespective of their crafts or lack of crafts. They also believe in very active support of Mr Roosevelt, and have formed a so-called Non-partisan Labour League to express this new-found political partisanship of Labour. Their support might, however, be embarrassing for the President. For Mr Lewis is trying to organise the steel industry, and if his efforts should result in a strike the inevitably ensuing violence and bloodshed would frighten more voters away from the President than it would attract to him. Mr Lewis is therefore being asked to subordinate his industrial enthusiasms for two months more to his political beliefs. Meanwhile the first test of party strengths is approaching; for the State of Maine will elect on Monday next its State officials and its representatives in Congress (though not its Presidential electors). Maine is a "rock-ribbed Republican" State, and there is no historical truth in the belief that "as Maine goes, so goes the nation." But the vote will nevertheless give some indication of the state of sentiment among the voters.

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Growing Tourist Traffic.—The volume of tourist traffic varies fairly closely with periods of good and bad trade. The economic aspect of this form of international intercourse is of considerable significance, especially for countries, such as Austria, France and Switzerland, which derive a substantial proportion of their national income from the expenditure of foreign tourists. The information about the tourist traffic in this country is somewhat meagre, especially in comparison with the mass of details available on the movements of United States citizens abroad. The United States Government publishes every year full information on the number of tourists visiting various foreign countries, their expenditure and length of stay in each country, together with many other details. Last year 57 per cent. of United States citizens

travelling to Europe visited this country, staying, on the average, 19.2 days and spending between \$15 and \$20 millions. The world depression, accompanied by falling incomes, was responsible for a considerable decline in the international tourist traffic, but the gradual revival since 1932 has prompted an increasing number of persons to spend their holidays abroad. Concurrently with economic recovery the number of persons travelling for reasons of business has also tended to increase. The number of foreign visitors to this country in recent years, as recorded by the Immigration Branch of the Home Office, is shown below. Visitors from the Empire are excluded owing to the absence of statistical returns:—

	VISITORS TO BRITAIN		
	On Holiday	On Business	Total
1929	238,391	93,013	331,404
1930	245,865	87,950	333,815
1931	195,142	80,759	275,901
1932	181,147	72,227	253,374
1933	186,421	74,095	260,516
1934	207,108	81,493	288,601
1935	227,761	87,983	315,744
1935, January-July	137,205	50,974	188,179
1936,	163,511	58,309	221,820

The increase in tourist traffic, as in international trade, has not been as rapid as domestic recovery, largely owing to the restrictions on foreign travel imposed by a number of countries, including Germany and Italy. But the trend is definitely upwards; for the number of visitors to this country during the first seven months of the current year showed an increase of 18 per cent. over the corresponding period a year ago. During July alone 66,313 foreign nationals landed in this country on holiday. Of these, 22,524 came from the United States, 15,500 from France, 6,140 from Germany, 5,308 from Holland, 3,601 from Scandinavia and 2,161 from Belgium. A classification according to ports of entry shows that 13,760 landed at Dover, 12,523 at Southampton, 7,829 at Harwich and 7,743 at Newhaven. No less than 2,039 holiday visitors landed at Croydon, an indication of the growing popularity of travelling by air. Of the total number of business visitors, amounting to 7,947 in July, 1,438, or 18 per cent., landed at Croydon. German, French and Dutch nationals accounted for more than one-half of the total number of business visitors.

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The New Constitution of Malta.—The reconversion of the Government of Malta to the crown-colony pattern from the dyarchy inaugurated in 1921 was completed last week. On September 2nd the Governor-General proclaimed the entry into force on that date of letters patent, embodying the change, which had been promulgated by him on August 12th; and he followed this up the next day by promulgating ordinances on education, notarial acts and court procedure which have the effect of virtually eliminating the Italian language from official use in Malta, and leaving the field partitioned between English and Maltese. When the Maltese constitutions of 1936 and 1921 are compared, no English student of politics will be disposed to dispute that the change marks a long step backward. The now re-established crown-colony government in Malta is to be maintained, it is said, so long as the international situation in the Mediterranean remains uncertain—which, after H.M. Government's recent impassivity in that zone of British interests, may prove to be a roundabout way of saying "until the Greek kalends." Now the justification of the Empire's existence in the world of to-day rests avowedly on its claim to be in process of evolution towards a complete local self-government in all its parts; and it would be difficult to maintain that the inhabitants of Malta—or for that matter those of Cyprus—are unfit to enjoy in the near future the self-government that is already within the grasp of the Syrians and Egyptians—not to speak of the sovereign independence of other Levantine countries such as Greece, Turkey and Iraq. In Malta, as in Cyprus, the reason why H.M. Government have reversed the engines of political evolution is because they feel they cannot afford to face the risks of complete self-government in an island which is of such great strategic importance to the United Kingdom. The anti-Italian language ordinances in Malta give the key to the abrogation of the semi-autonomous constitution of 1921; Italian is

not, of course, the mother-tongue of the Maltese people; the Maltese language is a survival of Phoenician with Arabic and Italian infusions in its vocabulary. The part that has hitherto been played by Italian as the culture-language of the Maltese educated class is a relic of a mediæval state of affairs in which Italian was the *lingua franca* of all the outposts of Western Christendom overseas. Under modern conditions, Italian would certainly have succumbed to Maltese in Malta in the long run, as education spread downwards from the Italian-speaking minority to the non-Italian-speaking majority of the Maltese people, if the two languages had been left alone to fight it out between themselves. The danger now is that the Italian language may be given a new significance—and consequently a new lease of life—in Malta through the very fact of its having been officially eliminated as part and parcel of a retrogressive constitutional move.

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The Franco-Syrian Treaty.—In Paris, at the end of last week, the representatives of the Governments of France and Syria initialled the draft of a treaty of friendship and alliance between the two countries which is to replace the present French mandate over Syria. This Franco-Syrian treaty is modelled very closely on the Anglo-Iraqi treaty of 1930. The latter treaty, in its turn, was inspired by the draft terms of the Anglo-Egyptian treaty which was all but concluded in 1930 and which has just been achieved. Thus three Arab States in the Middle East are starting, almost at the same time, on a new chapter in their history, in which they will be possessed, for the first time, of genuinely sovereign independence. The outward symbol of this new status is their admission to membership in the League of Nations. Iraq obtained admission in 1932; and it is one of the stipulations of the new Franco-Syrian treaty, as it is of the Anglo-Egyptian treaty, that the Arab contracting party is to apply forthwith for membership, with the European contracting party's support. Since there is no ground for expecting to see either the Syrian or the Egyptian application rejected, we may look forward to seeing the Arab world soon represented by no less than three voices on an international organisation in which there was not a single representative of the Arab world four years ago. Moreover, when we turn our eyes to the Arabian Peninsula itself, we observe there two more Arab States—Saudi Arabia and the Yemen—which have both been most effectively sovereign and independent ever since the end of the Great War, though neither of them has chosen so far to register the fact of its independence by applying for League membership. When Syria and Egypt have completed the last stages of the evolution through which Iraq has already passed, the only two non-self-governing Arab countries that will be left in the Middle East will be the Lebanon under its French mandate and Palestine under its British mandate; and these will stand out as tiny enclaves in the midst of a vast circle of independent Arab countries. The almost certain result of this will be to focus all the interest and emotion of Arab nationalism in South-Western Asia and in Northern Africa upon these two burning points—and particularly upon Palestine. It is only in Palestine, and not in the Lebanon, that the Arabism of the country is in jeopardy; since, in the Lebanon, the competing communities and sects are all Arab in their language and their culture.

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Mr Keynes on Gold Supplies.—The ever-increasing supply of monetary gold is becoming one of the dominant factors in the world economic situation. In our review of "British Economic Prospects," on June 13th, we suggested that the basis for a huge "gold inflation" now exists. Mr Keynes, in an article on "The Supply of Gold," in the September number of the *Economic Journal*, collates various sources of information on the existing gold supply. He thinks it "quite possible that Russia has by now an international balance in her favour, if we allow for the whole of her gold output, at the rate of some £50 millions per annum." And he calculates that about £250 millions of gold altogether became available for monetary and other purposes in 1935, of which the "other purposes" now only account for 5 per cent. This figure of £250 millions Mr Keynes calculates, is likely to represent the annual increase (5 per cent.) of the world's monetary gold stock for

some time. On the "demand side" he infers from the B.I.S. estimates that of the new gold available in 1935, after deducting what was employed in industry, about £113 millions appeared in central bank returns, £110 millions was absorbed in Equalisation Funds and the like, and only £10 millions was added to private hoards—"thus 90 per cent. of the new gold was available for monetary purposes." Inequality of distribution between countries, however, is still very great. Mr Keynes infers that interest rates are likely to be kept low by the increasing gold supply, but that "for the present there seems to be no risk . . . of their being over-abundant." But if the gold *bloc* were dissolved, private hoards dispersed, and Europe "cashed in its profits," as much as £500 millions of gold might be added in a single year, and an equal sum in the year following, to the reserves of central banks outside the United States. This might be embarrassing; but, in general, Mr Keynes thinks the abundant world supplies of gold are going to ease the world's acutest economic problem by lowering interest rates. "Communist efficiency in the extraction of gold," he says, "may serve to sustain yet awhile the capitalist system." Perhaps the Comintern would accelerate the coming of world revolution if it gave up propaganda and used its funds instead to corner gold by purchasing it at something well above the world price!

Still More Employment.—On August 24th the number of insured persons in employment in Great Britain reached the record figure of 10,961,000, which was 66,000 more than a month ago and 500,000 more than a year ago. At the same time the total number of unemployed on the registers declined to 1,613,940—38,132 fewer than a month ago and 334,024 fewer than a year ago—and is the lowest figure recorded since February, 1930. That a decrease in total unemployment should take place in August is noteworthy as the figures for that month are usually swelled by the registration of juveniles who left school at the end of the summer term; and, indeed, between July 20th and August 24th this year the number of unemployed boys and girls rose by 10,227. Despite this fact, unemployment was reduced for the seventh month in succession. How the various industries have fared is shown below:—

NUMBER OF INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN

	August 26, 1935	July 20, 1936	August 24, 1936
Coal mining	256,489	234,187	190,109
Iron and steel manufacturing	37,358	28,469	28,454
Engineering	83,388	56,804	55,690
Metal goods manufacture	49,630	37,634	36,848
Shipbuilding and repairing	61,500	45,251	45,079
Building	130,994	111,772	109,803
Public works contracting	121,439	116,041	114,700
Cotton	98,904	68,667	67,207
Tailoring	33,801	24,482	28,833
Boot and shoe	21,333	19,015	17,044
Distributive trades	199,765	171,176	175,224
All persons registered	1,947,964	1,652,072	1,613,940

The biggest reduction in unemployment was among coal-miners; but the improvement was also shared by the building, public works contracting and general engineering industries. The North-Eastern division once again heads the list in the reduction of unemployment by districts, followed by Scotland and then Wales. All of these areas suffered acutely during the depression, and the recovery now taking place augurs well for the future.

Rising Timber Prices.—Timber is one of the few important raw materials which had not risen in price before the beginning of this year. Between January and July, however, the average British import price of sawn softwood, other than planed or dressed, rose by about 10 per cent., and since then the upward movement has gained momentum. The beginning of the improvement can be traced to the formation, last November, of the European Timber Exporters' Convention, whose aim was to bring order into the timber market by adjusting supplies to demand at a remunerative level of prices. Although not all the exporting countries joined the restriction scheme, the Convention decided to fix definite export quotas for sawn and planed timber during 1936. Total exports were

fixed at 3,850,000 standards, and individual members of the Convention were allotted the following quotas:—

(In thousands of standards)			
Finland	1,005	Austria	275
U.S.S.R.	950	Roumania	223
Sweden	820	Yugoslavia	168
Poland	313	Czechoslovakia	96

So far the E.T.E.C. has been successful; for demand in both exporting and importing countries this year has exceeded expectations. In some exporting countries home demand has been so good that producers may not even be able to ship abroad their full quota. When the members of the Convention (which has been strengthened by the adherence of Latvia) met in Moscow last June, they agreed to continue the regulation of the market in sawn and planed timber during 1937. Although export quotas for next year will not be fixed definitely until the general meeting of the E.T.E.C. at Stockholm next month, it is understood that certain interests are opposed to an increase in the total quota above the 1936 level. But if the Convention wishes to stimulate consumption at reasonable prices rather than to project an ephemeral boom, it would be well advised carefully to study demand prospects before fixing quotas.

—And Cotton Prices.—The market in cotton was surprised this week by a considerable reduction in the United States Government's forecast of the yield of this year's crop, compared with the estimate issued a month ago. The yield forecast was reduced by no less than 1,360,000 bales, from 12,481,000 bales to 11,121,000 bales. As market circles expected a figure of about 11,900,000 bales, prices were marked up sharply, the "spot" quotation for middling American rising from 6.73d. per lb. to 7.02d. per lb. The marked reduction of the probable yield was due to the serious deterioration of the crop from Mississippi and Tennessee to West Texas and Oklahoma. If the reduction in yield is confirmed by the harvest, it is probable that prices will be maintained at a higher level. World consumption of United States cotton last season was 12,500,000 bales. Even if this season's requirements be only 12,000,000 bales, the carry-over, amounting to 7,000,000 bales at the end of July, will be substantially reduced.

Shipping Freight Index.—Measured by our monthly index, the general level of whole cargo shipping freights rose by 5.5 per cent. during August, following a rise of 2.0 per cent. in July. The current figure of 97.5 compares with 82.1 in August, 1935, and 89.6 in August, 1934. Details of the index number are as follows:—

(1898-1913 = 100)					
	Average, 1913	August, 1935	June, 1936	July, 1936	August, 1936
European waters	110.0	88.5	93.3	98.1	101.0
North America	113.1	78.2	89.6	89.8	95.3
South America	123.4	82.3	92.1	87.8	89.5
India	108.3	83.3	91.2	93.4	102.6
Far East and Pacific	117.4	77.7	84.7	90.5	96.5
Australia	127.9	82.8	92.6	94.4	97.0
Total	116.3	82.1	90.6	92.4	97.5

Conditions in the freight market remain quiet. Liverpool reports an improvement in the River Plate market, and at Newcastle demand for the Baltic and Mediterranean are also better. Otherwise business is slack. Movements of the various sections are as follows:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	93.9	+ 8.4	South America:—		
Bay—Outwards	116.3	—	Outwards	60.8	— 6.1
Bay—Homewards	116.1	— 6.5	Homewards	118.2	+ 2.1
Mediterranean:—			India—Outwards	80.0	+ 16.3
Outwards	85.3	+ 2.8	India—Homewards	125.3	+ 9.0
Homewards	99.7	+ 3.4	Far East, etc.	99.5	+ 2.6
North America	95.3	+ 5.5	Australia	97.0	—

Expressed as a percentage of the average for 1913, the complete figure of our index number for August is 83.8, compared with 79.4 for July and 70.6 for August, 1935.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

SHADOW-BOXING IN THE ELECTION CAMPAIGN

THE political campaign has been disconcertingly vague throughout the summer. This has been due in part to the strategic decision of President Roosevelt not to enter the arena as combatant until shortly before the election. It has been due, still more, to the want of focus in Governor Landon's speeches. The Republicans have had the lime-light, and have made little use of it. Since President Roosevelt's speech at the close of the Democratic convention, nothing of major political importance had been said for the Administration by the beginning of September. Governor Landon might have used the hiatus to become thoroughly known to the American public. He might have established himself as a three-dimensional personality, with a mastery of national problems and a programme for meeting them. He chose not to, probably for the same reasons which moved President Roosevelt to postpone important speeches till the end of the campaign. Mr Roosevelt obviously left the field clear to the Republicans so as to win in an intense, brilliant month of rebuttal. So Governor Landon has declined to lay his cards on the table. The campaign so far has been shadow-boxing, and the strength of the two parties has not changed.

In only one or two minor particulars has anything really happened. Governor Landon has announced himself as an advocate of direct taxation, which if no more than a personal conviction, is as healthy as it is unusual in a presidential candidate in a country which raises two-thirds of its revenue indirectly. He also has disassociated himself from Mr William Randolph Hearst by devoting a speech at Chataqua, New York, to the praise of academic freedom and unmincing opposition to loyalty oaths for teachers. This may appear to be an academic theme in both meanings of the word, but it is real enough in America, where fourteen States require loyalty oaths from teachers, where leading Republicans have sponsored legislation of this kind in still more States, and where Publisher Hearst is on a continual rampage against radicalism in schools and colleges. Mr Hearst was the "discoverer" of Governor Landon, but sponsored him because of his budget-balancing in Kansas rather than his progressivism. Governor Landon, however, has been embarrassed by the Hearst stigma, and waited for the occasion when he might run up his own colours. The Hearst organisation had intimations of what was to be said in the Chataqua speech and sent a messenger to Mr Landon to dissuade him from saying it. The Republicans in New York State also tried to stop him; for the Ives Teachers' Oath Law had been introduced by the Republican leader in the Assembly. But Governor Landon refused to yield; and the speech, like his telegram to the Republican Convention, confirmed him as a man of independence and convictions.

MR LANDON AND THE "OLD GUARD"

His trip to New York and Pennsylvania also served to demonstrate that the man from Kansas was not playing with the Eastern Old Guard. He did meet Charles Hilles, National Committeeman for New York, but only as one of a delegation of local Republicans. And in Pennsylvania he paid as little attention to Joseph Grundy. And instead of touring in the company of Eastern leaders, most of whom would be of the Harding-Coolidge-Hoover vintage, he confined his associates to a few neighbours and old friends from Kansas.

But besides asserting in these secondary ways his personal independence and progressivism, Governor Landon had little benefit from his first Eastern visit. He has a poor delivery both in addressing an audience and before the microphone. His success is in private meetings, where all testimony agrees that he has as much charm as President Roosevelt, with more apparent sincerity. But until he makes his main speeches, on social security, labour, foreign

affairs, agriculture and relief, he can expect little headway as candidate. He will be addressing himself in these speeches, one is given to understand, to the mugwump vote, rather than to convinced Republicans or disappointed conservative Democrats.

About seven million voters, who were for Hoover in 1928, switched to Roosevelt in 1932. Four million of them will have to switch back to Landon if he is to be elected. Apparently Governor Landon believes they voted for Roosevelt because he was a Liberal; so he will continue to insist that he is a progressive who will consolidate the Roosevelt gains, make new ones, but administer the country with a greater steadiness. That is the Landon line; it is of course out of harmony with the Republican record since the war, and he will have trouble in convincing the country that he is stronger than his Republican environment. He will have still more trouble convincing it that he is not a provincial, and has the poise, insight and calibre to be chief executive. The more Mr Landon appears, the more he will be liked. But it is difficult to believe that by November enough mugwumps, however tired they may be of Mr Roosevelt, will have decided that Mr Landon is a better man for the hardest political job in the gift of democracy.

WASHINGTON, September 1.

PRODUCTION INDEX AT RECORD LEVEL

THE July data confirmed the expectation that the index of production would reach a new "high" for the recovery; actually, however, it did so by reason of the large seasonal correction assigned to the month. Without seasonal adjustment, the index was even with June, and one point down from May. For the past ten months the fluctuations in industry have scarcely affected the index so much as have the seasonal adjustments. The following table shows this:—

INDEX OF PRODUCTION OF THE FEDERAL RESERVE SYSTEM (1923-25=100)

	Without Seasonal Adjustment	With Seasonal Adjustment
October, 1935	97	95
November	98	98
December	95	104
January, 1936	96	98
February	96	94
March	96	93
April	103	100
May	105	101
June	104	103
July	104	108

On the whole, it would appear that the application of the seasonal corrections has distorted the record. The change in the dating of new motor-car models created the October-December spurt and the fictitious December-March recession; the second quarter jump (which occurs in both forms of the index) is largely attributable (a) to the Bonus, and (b) to the increase in governmental outlays, as tabulated later in this letter.

The following table shows the items of the index:—

FEDERAL RESERVE INDEX (1923-25 Adjusted for Seasonal)

	June, 1935	June, 1936	July, 1936
Industrial production, total	86	103	108
Manufactures	86	104	109
Minerals	84	99	102
Construction contracts, total	35	52	57
Residential	25	36	40
Other	43	65	70
Factory employment	80.6	86.3	87.7
Factory payrolls	64.8	78.7	77.8
Freight car loadings	58	70	73
Department store sales	80	88	91

Every element of the production index shows a large, and in some cases an enormous, gain over last year.

Building is over 50 per cent. higher, and is now a major element in recovery.

INDEX OF RESIDENTIAL BUILDING (1923-25=100)

Average, year 1932.....	13
" " 1933.....	11
" " 1934.....	12
" 1st half, 1935.....	17.5
" 2nd half, 1935.....	25.1
" 1st half, 1936.....	29
July, 1936.....	40

Residential building was slow in starting. The index of manufacturing was 63 in 1932 and 78 in 1934—an increase of over 25 per cent. before there was any recovery whatever in residential building; this did not appear until the late spring of 1935. The residential building index is still low, against its base period, but this base period covered a residential building boom. The current rate, however, is three times the average of 1932-1933-1934; when, presumably, a shortage accumulated which, to judge from the tendency of rentals, has been far from satisfied by less than one year of moderate building activity.

In comparison with last year, the most marked gains are in those indices that reflect "heavy industry."

INDICES REFLECTING HEAVY INDUSTRY

	July, 1935	July, 1936
Iron and steel production	69	119
Cement	52	74*
Iron ore shipments	50	81
Tin production	80	104
Lead production	59	71

* June figure.

It is true that, to a great extent, this represents the intensification of the Government building programme; nevertheless, there is at least a beginning of industrial building. The close association between Federal works expenditure and heavy construction has been pointed out by the *Annalist*. The table below compares these expenditures with the production index—a parallel to be borne in mind when interpreting its extra-seasonal strength.

	F.R. Production Index*	Fed. Works Expenditures†
January, 1936	96	73,000,000
February	96	61,000,000
March	96	64,000,000
April	103	102,000,000
May	105	98,000,000
June	104	140,000,000
July	104	127,000,000

* Unadjusted for seasonal.

† Exclusive of W.P.A.

The coincidence is a little too pat to be taken at face value; but the opinion seems warranted that the increased Federal works expenditures plus the Bonus played a heavy role in this summer's activity.

Belated rains appear to have ended the drought in many sections and, although too late to affect wheat, will give some help to maize, and promise the autumn forage which is so important to the livestock and dairying industry. But over most of the dry areas, the damage has already been done. Farm income during the first half-year (including subsidies) was substantially above 1935; but it is now questionable if farm income for the entire year will be more than equal to 1935. Reports from the drought centres indicate that business is slackening, and while Federal relief will doubtless be liberal, it is doubtful if it can compensate for the almost complete destruction of crops in wide areas.

While the drought has caused sharp increases in the cost of food, and retail food prices are, perhaps, 25 per cent. above the average of 1932-33, the cost of living, which went down with the depression, has not risen much with the recovery. The cost-of-living (quarterly) index of the United States is based, like the production index, on 1923-25; and for 1928 it averaged 100. In 1932, the average was 80; it fell to 76 in 1933, and in the first half of 1936 it was 81. In 1928, the British cost-of-living index (1914=100) was 166; in 1933 (the "low" year as in the United States) it was 140; and it is now 144, which was about the figure of 1932. In short, since 1932, the two have moved or rather remained together; but between 1928 and 1932, the Ameri-

can cost-of-living index fell 20 per cent., while the British index fell but 13 per cent. The remarkable inertia of the Bureau of Labour Statistics wholesale index, and of the cost-of-living and retail food indices is in strong contrast to the wider movements of primary commodities. Moody's index of 15 primary commodities has more than doubled from its low point of early 1933, while the B.L.S. index has advanced only about 25 per cent., and the cost of living less than 10 per cent.

Foreign trade in July showed the small import surplus which has become rather common in recent months.

MERCHANDISE TRADE FOR JULY (\$000,000)

	1935	1936	Increase
Exports	173	178	+ 5
Imports	177	193	+ 16

SEVEN MONTHS ENDED JULY

	1,197	1,332	+ 135
Exports	1,171	1,357	+ 186

Gold imports were \$15,400,000 for the month, and silver \$6,500,000. Gold imports for the first seven months were \$526 millions, compared with \$822 millions last year; net silver imports at \$122 millions were higher than in 1935 (\$108 millions); but have been erratic—almost half came in January. With merchandise trade in almost perfect balance, the question of the utilisation of the dollar balances created by the gold imports is still open. There is a continuous stream of foreign purchases of domestic securities.

NEW YORK, September 1.

FRANCE

M. BLUM AND THE COMMUNISTS

THE defeat of the Spanish Government's troops at Irun was the signal for a recrudescence here of the agitation by the Communists against the non-intervention policy. This agitation took the form of a one-hour strike by the metal workers, who began the strikes in June. Their demonstration was declared by M. Blum to be "futile." In an unexpected speech, the Prime Minister retorted that his Government would remain faithful to the neutrality pact which it itself had proposed, and which has been signed by the Soviet Government itself. After declaring his paramount attachment to peace, M. Blum, without naming it, invited the Communist Party, who signed the electoral manifesto known as the "Rassemblement Populaire," to declare if it was still in agreement with that contract. The same question was addressed to the trade unions, of whom the metal workers are one section.

The workers maintained their strike, however, and the Communists' organ, *L'Humanité*, continued, despite a conference between M. Blum and the Communist leader, M. Thorez, to call for the suppression of the embargo on arms to Spain, though declaring at the same time its fidelity to the Front Populaire. The Socialists meanwhile applauded the speech of M. Blum, and notably protested—through the mouth of the Minister of Agriculture, M. Monnet—that the "Front Français," the formation of which is urged by the Communists, could not be anything else than the Front Populaire itself. Finally, M. Blum let it be understood that, should the Communists or the trades unions interfere with his foreign policy, he would summon Parliament, so that the country's regular representatives should decide the matter. The "ultimatum" by the metal workers also urged the Government to enforce a more close observation of the new social laws on employers. It is to be feared that certain elements may take the opportunity of the rise in prices and of the discontent among the masses to attack the Government, though its foreign policy is assured the support of a majority in the country.

All members of the Front Populaire, however, are apparently in agreement in rejecting any prolongation of the military service period as an answer to the German extension of conscription. The alternative urged by M. Paul Reynaud of a "qualitative" army has been adopted by the Government, which has thus anticipated the preferences of the country. It has been decided to set aside a sum of

GERMANY

AN END OF CHEAP MONEY?

THE political outlook was regarded less unfavourably last week. The international dangers threatened by the Spanish Civil War were, however, visible in an ever-stronger agitation against the French Government for its alleged continued delivery of arms to Madrid. Against the retirement of M. Titulescu, which was naturally regarded as advantageous to Germany, was set the new Franco-Polish transaction; but against this, in turn, the assumption that the Franco-Russian alliance has been watered down in order to reassure Warsaw.

The Bourse failed to respond to the calmer view taken of affairs. Apparently, the Reich Government does not relish the imputation that the heavy fall in securities of the last five weeks was a result of its foreign policy or of its increase in taxation; for in an elaborate official analysis the depreciation of shares is attributed mainly to dearer money. Against this theory stands the fact that hardly any Bourse trading is now being done on credit. The market for future settlement has been closed since 1931, and it is not likely to be re-opened as long as a Nazi Government holds office.

The dearer credit, however, is a fact, and a very important one. The extraordinary abundance of money witnessed down to this spring was officially attributed to Reich credit-creation for public works and re-armament. The divulged public works credits have now been exhausted and no new programme is spoken of. The volume of re-armament credit-creation by means of "special bills" has always been a mystery. Last year, the abundance of money was so great that even constant Reich short-term borrowing did not provide sufficient investments. There was, therefore, acute competition to buy up short-term

13,000 million francs during the next four years for national defence alone, of which 4,000 millions will apply to the 1937 financial year. These credits will be principally used for strengthening the Belgian and the Alsatian frontiers and for the mechanisation of the Army. Will these huge sums be merged with the 20,000 millions to be set aside for public works? Nobody can say, though it appears that the German decision renders the military expenditure inevitable; and this explains why the Minister of Finance, after having given his assent to it, urged the Government to do its utmost to stop the armaments race.

But this unexpectedly huge expenditure, added to the advances promised to Poland and to so much other expenditure on economic recovery, will impose heavy charges on the Budget and Treasury. This lends a new urgency to France's financial and economic difficulties. The Government is still urging the capitalists to use the delay still accorded to them for declaring their holdings abroad, and it has notified all French banks to supply the administration with particulars of the securities they may have sent abroad since January, 1934, for the account of their customers. This is a new procedure which makes the employees of the banks fiscal agents, whereas former legislation merely gave the civil servants a right to inquire into the banks' books. The capitalists, on their side, seem to be abstaining from making these declarations. Nor are they bringing back their foreign holdings. The three last weekly returns of the Bank of France have accordingly shown outflows of 140 millions, 170 millions and 160 millions of gold respectively, an amount which corresponds exactly with the weekly average of import surplus. But the sympathy which the Minister of Finance is receiving in his efforts to secure a return of confidence is being hindered by the Communists' new claim for a special levy on all big fortunes, designed to assist the workers and the middle classes.

"ALIGNEMENT MONETAIRE"

The outflow of gold and the recurrent problem of prices, which has been rendered more acute by the latest rise in the price of bread to 2.15 frs. a kilo. (it was 1.60 a month ago), the prospects of new strikes for increased wages, and the newly-increased military expenditure, have reawakened devaluation rumours, or—to use a more official word—the rumours of a possible "alignement monétaire." And it is not impossible that these rumours have stimulated the rising tendency on the Stock Exchange. But, officially, the question has not been discussed, and a decision would always be dependent on a conversion of the Communist Party. The question is whether the rise in prices likely to accompany the Government's reflationary policy will weaken the principal objection of the Communists to devaluation; i.e. their belief that a rise in prices following a devaluation would lose them the votes which they gained in the last election among the workers and the middle-classes.

The Government, in its turn, is emphasising the favourable movement of certain statistics, such as railway traffic. The increase in railway receipts for the week ended August 18th was 8.66 per cent. compared with the same period of 1935. Since July 28th the recovery has been steady, and the deficit on the year's receipts has diminished regularly. Loaded wagons since the beginning of the year total 9,357,180 against 9,318,492 in 1935, an increase of 0.41 per cent. Unemployment fell last week by 4,000 to 413,351 against 380,664 in the same week of 1935. An agreement has been reached between employers and workers in the coalmines for a 38-40 hour week in the mines.

The output of the French coal mines during July, 1936, was 3,972,468 tons in 26 working days, against 3,481,850 tons in June (25 working days and strikes-month), and 3,883,594 tons in July, 1935 (27 working days). The average daily output was therefore 152,787 tons, against 139,275 tons in June, and 141,985 tons in July, 1935. The number of men employed was 225,505 at the end of July, 1936, against 222,595 at the end of June, 1935, and 223,380 in July, 1935. The output of coke in the coke plants of the coal mines in July was 568,456 tons, against 489,492 in June and 462,595 in July, 1935.

PARIS, September 9.

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papers with even a very low interest yield. The Diskont-Kompagnie's refusals to accept deposits and many other phenomena reflected the plethora of cash. In May, 1935, this condition resulted in the systematic selling of promissory-notes by the Gold-Discountbank, ostensibly for the purpose of making good the market's lack of securities. The notes were snapped up, and the yield went to relieve the Reichsbank of part of its discounts. Nevertheless, the market fluidity continued until well into this year. At the end of April, the G. D. Bank's promissory-note circulation reached a record total of Rm. 862 millions, which is a very large sum for German conditions. At about that time came the change. The maturing notes could no longer be prolonged, and their circulation fell headlong until, at the end of August, it was only Rm. 71 millions, or one-twelfth of the April amount. In the meantime, the work-creation and re-armament bills, which industry a little time before had been eagerly competing to buy, were flowing back from the industrial holders to the banks. Though the banks' holdings of real commercial paper of up to three months were falling, the holdings of longer-term paper, among which were the six-months' work-creation bills, rose by 500 millions. Deposits in the banks, the declines of which were formerly slight, and were represented to be due entirely to register-mark withdrawals, have also of late fallen heavily. Deposits in the savings-banks still increase, but of late by only about one-third of the monthly increment of a year ago. The month-end demand for credit from the commercial banks has been about 100 per cent. higher than at the same time last year.

This reversal of money-market conditions was first commented on after the flotation this summer of the Rm. 700 millions Reich Loan, but that relatively small transaction could not have been the main cause. It is officially stated that the accumulation of liquid funds by industry, to which the former extreme market fluidity was attributed, has almost ceased. The capital-market situation and the system of regulating it do not satisfy industry. It is complained that while over-hasty work-creation and armaments orders have made new investment for plant necessary, the means of investment have been taken away. The Trade Research Institute admits that "after more than three years of continuous and intense utilisation of the industrial apparatus, there is a need for replacement of plant and for new industrial equipment"; but the capital-market, it is added, is still closed to industrial borrowers and their resources for the self-financing of capital undertakings have dried up. On the Bourse, bond quotations have not weakened of late; and there seems to be a tendency towards a lower average yield on capital. But this tendency has merely enabled certain share companies to reduce the cost of already-borrowed capital, and not to obtain new.

A NEW ATTACK ON THE JEWS

Many large Jewish concerns find themselves suddenly threatened with ruin in consequence of a new and unexpected Government measure. The Reich Flight Ordinance of 1934 taxes capital removed to abroad very heavily, and authorises the Finance Offices to exact security for payment of taxes in cases of supposed danger of evasion. Jewish business houses and banks have in the last few weeks received circulars stating that "it may be surmised that you will transfer your residence to abroad whenever an opportunity occurs," and demanding on this ground that the business houses immediately hand over one-quarter of their property, as assessed for Property Tax in 1935, as security. If the demand is not met within one week, the property will be seized. It is, of course, seldom possible for a business concern, whose assets are usually locked up, to meet such a demand within a short time. The "surmise" that a bank or a department-store may suddenly, with all its assets, disappear abroad and cheat the Reich of its Capital Flight tax money is a thin excuse for a measure which must ruin prosperous undertakings.

The Railway Corporation's gross receipts in July totalled Rm. 369 millions, against Rm. 332 millions in June, its operating surplus being Rm. 64 millions against Rm. 30 millions. The monthly fixed charges of about Rm. 30 millions are therefore being more than covered. The estimate of gross receipts in 1936, which was Rm. 3,700 millions, will be exceeded, it is officially predicted, by some Rm. 120 millions.

The President of the Reich Unemployment Board attributes the new shortage of skilled labour in certain industries to compulsory military service, and predicts that the shortage will be aggravated by the lengthening of the service term to two years.

Reich indebtedness, long-term and short-term, on June 30th is returned at Rm. 14,375 millions, to which must be added Rm. 627 millions of tax-credit certificates in circulation and Rm. 410 millions deposited with the Reichsbank as security. In June, 1935, the respective figures were Rm. 13,088, Rm. 913 and Rm. 547 millions. These figures do not include an unknown quantity of work-creation and armaments bills. The chief change in the twelve months was an increase of home debt incurred since March, 1924, from Rm. 4,645 millions to Rm. 6,217 millions. This was a consequence of the new long-term or medium-term loans of 1935.

BERLIN, September 8.

HOLLAND

REVENUE STILL DECLINING

THE yield of taxation in July was very disappointing. The item "other sources" (i.e. direct taxation excepted) yielded 28,147,000 guilders, compared with 32,061,000 guilders in July, 1935, and an estimate of 30,960,400 guilders. The yield for the first seven months of 1936 was 204,127,492 guilders, compared with 212,776,300 guilders in the corresponding period of 1935, and an estimate of 216,722,900 guilders. The public is consequently wondering what means the Government will devise to meet the deficit. Expenditure on unemployment in 1935 exceeded the estimate by 15,730,000 guilders.

There accordingly seems little justification for the optimism which is being expressed in certain quarters. This optimism is founded on the argument that the advance of wholesale prices and the cost of living in Great Britain and other countries will automatically achieve the desired re-adjustment of Dutch prices and costs to those prevailing abroad. This might prove feasible if only the Government reduced various emergency levies on imports and the excise duties on many classes of merchandise, and thereby prevented the rise in prices which goods now undergo on passing the Dutch frontiers. But it is evident that the Government is not pursuing a readjustment policy of this kind. For instance, in view of the world-wide advance of wheat prices, it was recently urged from various quarters that there should be a reduction of the import duty of 2 guilders per 100 kg. on foreign wheat, as well as of the guaranteed price of home-grown wheat. The Minister of Agriculture and Fisheries, however, has declined to accede to the request.

Exports amounted in July to 1,133,000 tons, with a value of 59,657,000 guilders, against 969,000 tons, with a value of 53,000,000 guilders in June. The increase in value compared with July, 1935, was 10 per cent. Total exports for the first seven months of 1936 have advanced to 7,363,000 tons (1935, 7,004,000), with a value of 378.18 million guilders (1935, 372.74). Imports in July, 1936, amounted to 1,799,000 tons, with a value of 79,627,000 guilders; against 1,744,000 tons and a value of 76,927,000 guilders in June.

	IMPORTS			EXPORTS		
	1934	1935	1936	1934	1935	1936
(In million guilds.)						
January	100	76	79	56	55	50
February	81	70	74	51	51	50
March	94	80	79	61	54	55
April	85	78	81	54	50	57
May	87	78	76	57	58	53
June	89	73	77	59	51	53
July	86	76	80	58	54	60
August	87	76	...	69	61	...
September	78	76	...	69	59	...
October	87	95	...	62	70	...
November	88	86	...	60	60	...
December	75	73	...	56	52	...

Thanks to the high exports in July (the highest July figure since 1932), the import surplus of 19,970,000 guilders was smaller than in July last year (22,139,000 guilders), or in June, 1936 (23,927,000 guilders).

AMSTERDAM, September 4.

JAPAN

IMPROVEMENT IN BUSINESS SENTIMENT

THE lifting of martial law and the execution of the insurgent military officers in the middle of July have been largely responsible for the return of confidence. The satisfactory progress of the debt conversions also has done much towards an improvement in sentiment. Since early May the 5 per cent. loan of 1,752.5 million yen has been successfully converted into a 3½ per cent. loan. Corporation borrowings, too, have been very active. Industrial borrowers raised 281.5 million yen during July, an increase of 75.9 million yen over June and 202.6 million yen over July, 1935. Full reflection, however, of the improvement in sentiment is to be found in the Stock Exchange, which has steadily continued its upward trend, with occasional profit-taking pauses, and has regained nearly the position held just before the February revolt. The aggregate value of all shares listed on the Tokyo Stock Exchange on August 1st was up by 108 million yen, or 15½ per cent., as against a month ago. Commodity prices have developed a definite upward tendency.

The Bank of Japan's wholesale index number for July registered a marked rise of a fraction less than 2 per cent. on the month. Thirty-four out of 56 articles participated in the advance. Industrial production alone shows a recession, which is partly seasonal. Output of cotton yarn during July totalled 117,843,000 lbs., a decrease of 13,977,000 lbs. over June; and rayon production during last month amounted to 21,456,000 lbs., or 410,000 lbs. less than in the preceding month.

The export season has set in normally this year. Imports for last month amounted to 203,245,000 yen and exports to 222,895,000 yen; so that there was an export surplus of 19,650,000 yen. As compared with July, 1935, imports increased by 13,285,000 yen, or 7 per cent., and exports by 15,862,000 yen, or 7.7 per cent. A substantial contraction in imports of raw wool and an expansion in exports of raw silk are features of the July returns. The trade war with Australia is, of course, responsible for the sharp decline in wool exports; while the increase in silk exports is due to higher prices.

CONTINUING INDUSTRIAL ADVANCE

The earnings statements so far published of important industrial companies for the first half of this year show that industrial advance in this country has still been continuing throughout a wide range of industry, although the pace has appreciably slowed down. A large number of concerns in electricity and gas, iron and steel, mining, machinery and tools, shipbuilding, chemicals, paper, and sugar groups have fared considerably better, and the midsummer dividends have been generally maintained. The textiles results, however, have been again less satisfactory; so have been the earnings of many shipping concerns, warehouses, shops and trading companies, and stock and produce exchanges. The experiences of big commercial banks for the June half-year were varied more or less; net profits of Dai-ichi showed a substantial increase, whereas those of Yasuda and Sanwa increased only slightly.

The Kawasaki-Daihyaku Bank has decided to amalgamate its two subsidiary savings banks. Total deposits of the bank, after the absorption is completed, will amount to approximately 730 million yen, nearly approaching those of some big banks. The term "Big Six" which is occasionally used will now be changed into "Big Seven," including Mitsui, Mitsubishi, Yasuda, Dai-ichi, Sumitomo, Sanwa, and Kawasaki-Daihyaku.

According to the *Labour Gazette* the number of trade disputes involving stoppage of work in 1935 was 590, the number of workpeople involved in all the disputes was about 37,700, and the estimated aggregate duration of the disputes was 301,300 working days. As compared with 1934, the number of disputes decreased by 36, that of workpeople involved therein by 11,800, and the aggregate duration by 44,800 days. On the other hand, tenant farmers' disputes with landlords over farm rent last year reached the record figure of 5,004, involving about 68,500 tenant farmers, as against 3,849 disputes and 72,700 tenants in the preceding year. These may be largely explained by industrial recovery

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Branches and Agencies throughout the East

on the one hand and acute agricultural distress on the other.

Official statistics in the same journal put trade union membership at the end of 1935 at 408,600, or 6.9 per cent., out of 5,900,000 organisable labourers in this country. Transport and engineering account for nearly two-thirds of the trade unionists, and in such major industries as textiles and mining organised labour has an almost negligible foothold. Japanese industry as a whole thus still remains predominantly non-union.

TOKYO, August 14.

NEW ZEALAND

LABOUR'S FIRST BUDGET

THE first Budget of the Labour Government, presented on August 4th, has quietened the fears of those who expected dangerous experiments with credit, but has given rise to protests from many different sources. The methods of finance adopted are quite orthodox; revenue is to be raised through the usual channels, and the only changes in taxation are found in increased income-tax and the re-imposition of the graduated land-tax. Expenditure has been increased considerably, chiefly on account of increased pensions and the restoration of salary cuts throughout the public service. Public works are to be financed up to £NZ4 millions from revenue, and to a further £NZ6 millions without external loans or any public issue, apparently by borrowing departmental surpluses. But the monetary reformers protest against orthodoxy; business men against high company taxation, which reaches 7s. 6d. in the £1 on company incomes of £8,950 and above; both land owners and industrialists against the graduated land-tax, which discriminates against large businesses as well as large farms; and the dairy farmers are dissatisfied with the guaranteed price of 12½d. per lb. to be paid for first-grade butter.

For 1935-36 taxation, without change in rates, yielded £NZ21.5 millions, exceeding the previous year by £NZ1.4 millions, and total revenue amounted to £NZ26.17 millions. Expenditure was £NZ25.89 millions, compared with £NZ24.50 millions for the preceding year. The surplus of £NZ280,000 was wholly due to the fact that revenue exceeded the estimate by £NZ430,000. Estimated expenditure for 1936-37 is £NZ4.91 millions higher at £NZ31.05 millions. Interest is slightly lower owing to conversions, but there is an all-round increase in votes consequent upon the restoration of public service salaries, substantial increases for highways and for the labour, native, lands, defence, and education votes; and pensions are increased from £NZ3.77 millions to £NZ5.48 millions. Social services, excluding unemployment relief, are to cost £NZ10.3 millions, one-third of the total expenditure.

The estimates of revenue are based on the assumption that business will expand considerably during the year. There are good grounds for this assumption. For the year ended June, 1936, exports amounted to £NZ53.66 millions, 25 per cent. more than the previous year, and imports to £NZ39.46 millions, an increase of 15 per cent. on the former year. In addition, the Government intends to spend about £NZ6 millions more than last year on public works; and this expenditure should stimulate business further. In these conditions increased yields from existing taxes might be expected. The estimates anticipate an average increase of 13 per cent. from taxes whose rates are

unchanged, an extra £NZ1.5 millions from higher income taxes, and £NZ800,000 more from the progressive land-tax. On earned incomes the new income-tax ranges from 1s. 8d. in the £1 on taxable balance (exceeding £210, plus family exemption) to 8s. 2d. in the £1 on £8,950 and above. On unearned incomes these rates are increased by one-third, and reach 10s. 10½d. in the £1. Company income-tax ranges from 1s. to 7s. 6d. in the £1, reaching the maximum on incomes of £8,950. The graduated land-tax starts at 1d. in the £1 on taxable balance of unimproved value up to £5,000, increasing to 6d. in the £1 at £45,000.

The past export season has been exceptionally good. Total exports realised £NZ10.71 millions more than in 1934-35; the chief increases being £NZ4.1 millions for a slightly larger quantity of butter, and £NZ12.76 millions for 918,471 bales of wool, against £NZ6.33 millions for 582,763 bales in the preceding year. Exports of pork, veal, tinned meat, hides and skins and gold also increased both in quantity and in value. Cheese, lamb, mutton, tallow and seeds declined both in quantity and in value. The increase in imports for the year, £NZ5.1 millions, covered a wide range of goods, including motor vehicles, motor spirit, hardware and building materials, textiles and paper. There is also abundant evidence of expanding internal trade in the statistics for the first half of the year. The sales tax collected continues to reach new high monthly records, building has nearly doubled during the past year, land transfers and mortgage business has increased, bank debits are 20 per cent. higher, and radios and motor vehicles licensed have reached record figures. Unemployment, however, took a sharp upward turn in June.

CHRISTCHURCH, August 14.

LETTERS TO THE EDITOR

LEADERSHIP AND PUBLIC OPINION

TO THE EDITOR OF THE ECONOMIST

Sir,—In the last issue of the *Economist*, Mr L. J. Cadbury seeks to imply that the slackness of the British Government in its foreign policy is due, not to the inefficiency of the members of the Cabinet, but to the fact that public opinion has become so pacifist that the Government dare not take any action which might eventually involve the application of sanctions because it is afraid that public opinion would not support them. This implication is apparently intended as an excuse for the Government and also to show how impracticable pacifism is.

I desire to state some considerations to show that pacifist suggestions have been much wiser than Mr L. J. Cadbury suggests and that the Government have no such excuse as he imagines.

The pacifists have urged ever since the end of the Great War that Great Britain should carry out its promise to Germany and disarm down to the level to which Germany was compelled to disarm. This the Government has consistently refused to do. This fact has meant that Germany was always in an inferior position in the Councils of the world, which Germany has naturally resented. After waiting for about fifteen years, the Germans have taken the matter into their own hands, and partly through the push of Hitler have thrown over their treaty obligations, which were obtained by brute force, and are now arming up to the level of other nations.

The pacifists have also urged the abandonment of preferential tariffs, and freer trade. This would have created a better state of feeling and would have helped to remove unemployment. Nothing has been done in this direction. Japan has been irritated by the special measures taken against her by some of our colonies. The

pacifists have further urged that something should be done to meet the cry that Great Britain has been too acquisitive and secured an enormous addition to her territories at the end of the War. Here, again, nothing has been done to meet the claims of Italy and Germany.

The pacifists' theory is that it is infinitely better to meet the point of view of other countries where it is obvious that an injustice exists and to endeavour to remove that injustice, whereas the militarists' theory is that nothing should be done to meet the point of view of other countries unless we are compelled by brute force to do so. If only this country had had some wise and statesmanlike leaders who could have taken up these pacifist suggestions, the present position of a race in armaments would have been avoided.

The only way in which permanent peace can be secured is by mutual give and take and some unselfishness. Surely it is not impossible even now, though the lack of statesmanship of our Government has helped to place Hitler in the position he now occupies and has consolidated the position of Mussolini, to undo some of the follies of the Treaty of Versailles and to produce a more reasonable atmosphere.

Yours faithfully,
HARRISON BARROW.

40 Weoley Park Road,
Selly Oak, Birmingham.

HOW TO RUN THE RADIO

TO THE EDITOR OF THE ECONOMIST

Sir,—I take leave to send you a few reflections on the most interesting article on "How to Run the Radio" in the *Economist* of August 22, 1936. The Hungarian radio is, like the British, based on a system of complete monopoly; and one of the most important problems of both corporations is whether "the sugar coating of entertainment on the pill of education is not a shade too thin."

As a solution, your radio correspondent suggests duopoly. The State should continue to collect the licence fee, the amount of which would be shared by the two corporations. But if the State really continued to collect the fee and divided the revenue between the corporations, I cannot see any chance of real competition. Instead of a strong corporation based on the monopoly system, the two weaker corporations would provide the programme, and the cost of a double administration would consume a considerable part of the money available for artistic programmes.

It is true that under such circumstances "the listener might even be permitted to distribute some very small fraction of his ten shillings as a mark of favour to the Corporation which he considers the better." If I am not mistaken, this means that the competition would be for the "very small fraction of the listener's ten shillings" which, after all, might total a considerable amount if the number of listeners was high enough. It is probable, however, that "the mark of favour" would be given to the corporation which broadcasts the more popular programme. Naturally, the corporations would then prefer popular programmes to educative programmes. There might be periods when the amount of "fraction-income" accruing to the two corporations was approximately equal, and if so, they would scarcely try to make their programmes more attractive with lectures by university professors or even quotations from poets. They would broadcast more jazz and—in Budapest—more gipsy music. If one of the corporations struggled to maintain its programmes on the higher level achieved under the monopoly system, its revenue would not rise above the 50 per cent. of the licence fees. Actually, therefore, the "small fraction of the listener's ten shillings" would merely increase the income of jazz singers.

During the brief period of the Republic in Hungary a peasant once remarked: "Well, that's the Republic, but who is the King?" In the case of your correspondent's duopoly system there would be at the same time a King and a President in the land. Which of them would be the more wealthy? I leave the answer to your constitutional sense.

Yours truly,
DR. LADISLAS CS. SZABÓ.
Chief of the Literary Department of
The Hungarian Broadcasting Company.

Budapest.

BOOKS AND PUBLICATIONS

THE FUTURE OF THE LEAGUE*

THE failure of the French and British Governments to enforce the League's authority in the Abyssinian dispute might well have induced the friends of peace in this country to throw up their hands in despair. It is refreshing to find that, instead, there has been a general disposition to accept what is now an accomplished fact and to consider what can be done in the future. This pamphlet is the verbatim record of discussions held by various eminent persons

* "The Future of the League of Nations." The record of a series of discussions held at Chatham House. Royal Institute of International Affairs. 188 pages. 3s. 6d.

at Chatham House immediately after the *débâcle* of last May.

In the first discussion, Professor Arnold Toynbee suggested that the "paramount aim" of the ordinary peace-loving man—shadowy though it may be—is not peace, but security. Almost everybody is prepared to fight in self-defence. In commenting on this thesis, Mr Gathorne-Hardy argued that a general security system could most easily be built out of the various individual and local desires for security, just as society itself was built—or is alleged to have been built—out of the realisation of rival brigades that if they all league together to shoot the aggressor, they will all live in greater peace. Sir Norman Angell reinforced

the point by observing that we shall always have defensive alliances anyway, and that the only question is what sort of alliances they will be. Mr H. G. Wells, however, thought that a beginning should be made by education and the re-fashioning of the ordinary man's thinking throughout the world. Few other members of the group seemed to think this very practical.

In the next discussion, Sir Norman Angell argued that security must come before the alteration of the *status quo*. He pointed out that Germany in 1914 had greater economic and territorial opportunity than she could hope for now; yet war came. Sir Norman rather marred his case here, however, by the astonishing statement that international trade "was enormously greater" in 1913-14 than it is to-day. In later discussions, Sir Arthur Salter made the specific suggestion that, in cases of recommendation for peaceful change made under Article XIX of the Covenant according to third-party judgment, any country refusing to accept such judgment should be deprived of collective protection in the event of a "resulting" war. Mr Gathorne-Hardy put the case for "regional" collective security, and was inclined to argue that Europe was all that really mattered; but he failed to meet the obvious objection that Russia, which is partly in and partly outside Europe, is already threatened on two frontiers. Mr Harold Nicholson also thought that the attempt at League universality was a mistake.

The discussions, as a whole, leave the impression that the League itself was originally conceived on the right lines, but that certain peoples and Governments have failed to make it live. For the League—in so far as it is or has been real—is built not out of Utopianism, but, like society, out of enlightened self-interest and a long-sighted desire for security. The difficulty is that, whereas no single individual thinks he has much chance in a fight against society as a whole, a single nation, which is relatively large, may very well think so. That is the League's fundamental problem. Its immediate problem, as Mr Gathorne-Hardy and others urged, is to reconstruct a security system which will preserve peace in Europe in the next five years.

SHORTER NOTICES

"Soviet Money and Finance." By L. E. Hubbard. (London) Macmillan and Company, Ltd. 339 pages. 12s. 6d.

Although so much has been written and talked about economic planning in recent years, its technical and theoretical details have usually been left to the imagination. The merit of this book is that it is the most comprehensive and up-to-date work on Soviet financial planning available in English, and is written by one who is thoroughly acquainted with Russia and her language.

The description of the banking system will be of particular interest to bankers and business men, and the discussion of the qualitative credit control in relation to the general plan of production illustrates excellently the new uses which are being made of familiar instruments of credit. One is apt to be surprised at the rigidly orthodox distinction which is drawn by the Russian authorities between long and short term credit; but the author convincingly justifies it.

The treatment of the Budget and taxation is rather disappointing. Mr Hubbard allows himself to be drawn into a discussion of the economic system as a whole, but omits any detailed account of the exact relation between Federal and State budgets, of the allocation of social service expenditures, and of the precise nature of direct and indirect taxation.

The second half of the book largely discusses such questions as savings, investment, price movements and changes in the volume of credit. The description of the working of inflation in a planned economy is interesting; but none of the theoretical discussion is as satisfactory as the more descriptive parts of the book. Mr Hubbard rightly regards the present year as crucial, since it marks the abandonment of much of the system of rationing, which has hitherto been such a powerful instrument of control. This movement towards free consumers' choice is, in his opinion, to be welcomed; but the problem of maintaining full employment of all the factors of production with free consumption may deter the authorities from completely abandoning a policy which persuades the consumer to buy in accordance with the central plan.

In an appendix Mr Hubbard attempts to make a comparison of standards of living. It is to be regretted that he examines only food prices, and takes no account of rent, social services and general amenities.

EXPORT

The Documentary Credit, whereby the Exporter is assured that he will receive payment immediately his goods are shipped for transit abroad, is the subject-matter of *A Brief Survey of the Financial Machinery of Exports and Imports*, copies of which may be had by asking at any local branch of the Westminster Bank

WESTMINSTER BANK LIMITED
41 LOTHBURY, LONDON, E.C.2

"Revolt on the Clyde." By William Gallacher, M.P. Lawrence and Wishart. 301 pages. 10s. 6d.

The chief value of this book lies in the fact that the attitude to war of the propertyless worker is usually difficult to discover through the intervening labyrinth of patriotic propaganda. That the worker should see war as a means for employers to make profits, to lower wages and raise rents will not appear astonishing to anyone who reads this description of events on the Clyde during the Great War. A first-hand account is given of the great strike of February, 1915, of the visits of Mr Lloyd George and others, of the strike of January, 1919, for the 40-hour week, and of the continual agitation against higher rents and the dilution of labour.

BOOKS RECEIVED

Sweden—*The Middle Way*. By Marquis W. Childs. (London) Faber and Faber. 10s. 6d. net.

Karl Marx: *Man and Fighter*. By B. Nicolaievsky and O. Maenchen-Helfen. (London) Methuen and Company. 391 pages. 12s. 6d. net.

The Profits of War. By R. Lewinsohn. (London) Routledge and Sons. 304 pages. 10s. 6d. net.

Austrian Theories of Capital, Interest and the Trade Cycle. By Dr Franz Wien-Claudi. (London) Stanley Nott, Ltd. 6s. net.

The Building Societies' Year Book, 1936. Edited by G. E. Franey. (London) Franey and Company, Ltd., 37, Cursitor Street, E.C.4. 566 pages. 7s. 6d. net.

Year-Book of Labour Statistics, 1935-36. (Geneva) International Labour Office. League of Nations. 227 pages. 6s. net.

Fifty Golden Years of the Rand, 1886 to 1936. By D. Jacobsson. (London) Faber and Faber, Ltd. 206 pages. 6s. net.

The Gold Mines of Southern Africa. By O. Letcher. (London) Waterlow and Sons, Ltd. 580 pages. 21s. net.

The British Year Book of International Law, 1936. (London) H. Miltord. 260 pages. 16s. net.

Cousins on Book-Keeping and Accounts. By Donald Cousins. (London) The English Universities Press, Warwick Square, E.C.4. 340 pages. 7s. 6d. net.

Guide to Economics. 4th Edition. By F. H. Spencer. (London) Pitman & Sons, Ltd. 230 pages. 3s. 6d. net.

OFFICIAL PUBLICATIONS

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

Customs Tariffs of the Colonial Empire. Part I.—Africa. Amending Leaflet No. 2. 4d. net. *Part II.—Eastern, Mediterranean and Pacific*. Amending Leaflet, No. 3. 6d. net.

Aden: Draft Instructions under the Royal Sign Manual and Signet to the Governor and Commander-in-Chief of the Colony of Aden. Cmd. 5222. 2d. net.

National Debt: Return showing, for each of the years 1913-14 to 1935-36, the aggregate liabilities of the State, estimated assets, etc. Cmd. 5271. 6d. net.

Ministry of Health: Statement showing the number of Persons in Receipt of Poor Relief in England and Wales in the quarter ending June, 1936. 6d. net.

MONEY AND BANKING

AFTERMATH IN ITALY

(BY A BRITISH MERCHANT)

ITALY has secured, or perhaps it would be more judicious to say obtained, her place in the sun of Abyssinia. She has prevailed against what purported to be overwhelming international opposition. Thereby she has raised herself to an important and conspicuous rôle in the game of power politics at present absorbing nine-tenths of the diplomatic, military and industrial energies of Europe. But even a Dictator cannot set aside the operation of cause and effect in the economic life of his country.

To the most casual observer it is evident that the economic position of Italy is not a happy one. Difficult and depressed before the Abyssinian adventure, it is more strained than ever to-day, especially as the artificial stimulus given by the campaign to certain industries in the larger centres is not being maintained. Tourist traffic improved noticeably in the course of the summer, but was completely overshadowed by that of Germany and remained far below the levels of the good years of the past.

By no stretch of imagination or figures can the country be described as prosperous. On many sides the shoe is pinching severely, and nowhere more conspicuously than in the matter of foreign exchange. Everywhere there are indications that the supply of foreign resources is inadequate for the needs of the country, and though matters in this respect should tend gradually to improve, there are as yet few signs of their doing so. Industrialists complain that they cannot obtain sufficient raw materials from abroad, and are thereby hampered in the very process of export, which should produce supplies of foreign exchange. Even those traders and manufacturers who have in the past regularly provided a net balance of foreign income for the country out of their operations grumble that regulations do not permit them to cover their essential imports directly out of their export receipts, so that harassing delays and complications are introduced into the working of their businesses. The allotment of the available foreign exchange is worked and controlled centrally from Rome and cannot be compared with the now highly efficient and to some extent regionally decentralised exchange management of Germany. But, quite apart from the complex difficulties besetting the activities of industry and trade, the absence of a score of articles of daily use and common consumption, normally derived from abroad or made of imported material, is glaringly evident. Substitutes have been provided in some instances, but not in many others. The experiences of the population with the substitutes would, moreover, provide abundant source of amusement if they were not a rather gruesome commentary on the aberrations of which statesmen are still capable.

Unemployment is once more rising. Markets closed to Italian exports during the sanctions period—such as the Balkan and Near Eastern States, which normally absorb a substantial portion of Italy's textile and rayon output, as well as other manufactures—are not readily re-opening their doors. Naturally other countries, Germany among them, who have gained for their export trades what Italy has lost, are not making Italian re-entry easier. A once flourishing export trade in motor cars has dwindled to insignificant proportions. The process of contraction enforced upon it, moreover, has not improved the quality of the article produced, so that prospects are not bright. Meanwhile the home market, though tending slowly to improve, is a shadow of its former self. Petrol, of inferior quality, costs the Italian motorist 3 lire a litre, or about 5s. a gallon. Small wonder that Italy's superb roads are almost wholly deserted. Unless it can still be argued that motor transport is a luxury which a thrifty and hard-working population should virtuously deny itself, Italy is to-day one of the economically most backward countries in Europe.

The publication of ordinary trade statistics has not been

resumed, although sanctions are dead and done with. The same applies to fiscal returns, which were never in any case very illuminating. Nor are any statements being issued by the Banca d'Italia, so that the amount of its gold reserve, heavily depleted when the last figures were published, is not known. But in this connection it is worth noting that the State—as distinct from the Bank—has been issuing new paper money—*Biglietti di Stato a corso legale*. These were to replace silver 10-lire coins; but no one knows the amount actually put into circulation. If the rising trend of domestic prices affords any indication, the volume may be considerable.

While there remains no semblance of control over domestic finance, the population has been obliged to surrender its foreign assets to the Government in exchange for 5 per cent. unquoted and unsaleable Italian Government lire bonds. Nothing is known, of course, of the extent to which the Italian exchange authorities have already disposed of such foreign assets. What is certain is that these—the accumulated results of years of foreign trading—once dissipated, will not be easy to reconstitute in prevailing conditions, both in Italy and in the world outside.

It has recently been suggested that a foreign loan may be forthcoming for Italy. Any such report may be received with scepticism until some concrete evidence emerges. For the moment more credence may, perhaps, be given to the rumour that the Italian Government, having taken from its nationals, against payment in lire scrip, considerable blocks of Italian Government, Municipal, Public Utility, Hydro-Electric and other industrial dollar bonds issued and quoted in New York, may endeavour, with the assistance of a syndicate to be created for the purpose, to re-sell these uncanceled dollar bonds to the New York market against payment in U.S. dollars. The total amount of such dollar bonds now outstanding may be taken as roughly \$250 millions at par. It has been estimated by competent Italian authorities that some 80 per cent. of this total was in the possession of Italian investors when, in the autumn of 1934, Italian exchange difficulties first became acute. Assuming that virtually all these holdings were ceded to the Italian exchange authorities by the holders, the former should have in hand some \$200 millions, par value, worth of uncanceled Italian dollar bonds which they can, without legal restraint, sell—in theory, at least—on the New York market. Allowing for the circumstance that they would have to be offered at heavy discounts compared with their nominal value, an amount of \$150 millions is probably the most that could be secured for them. But this sum, at any rate, would be a welcome addition to the depleted exchange resources of the country. It might, moreover, serve as a *masse de manœuvre*, facilitating the prompt purchase of raw materials without which it will be impossible, in turn, to resuscitate certain lines of Italian exports.

For the rest, Italy will in all probability be restricted for some time to barter and clearing transactions and to those commercial credits which, here and there, it may be possible to obtain. As to the former, Italy is less favourably placed than Germany, since the goods which she can offer are on the whole much less varied and valuable, as well as in many instances more dependent on prior imports of raw materials. Her difficulties are enhanced, moreover, by two further factors. Italy's colonial acquisition in East Africa will for some time prove, on net balance, a consumer rather than producer of foreign exchange; and this season's crops are such that a substantial import of grain will be required.

Of the momentary state of affairs the following facts are sufficiently indicative. Foreigners who have in the last year given up residence in Italy cannot at present remove their

funds though the amounts involved are in the aggregate absurdly small. Months of waiting are required, after due application to the Exchange Control, for the release of a few hundred pounds. Further, Italian traders are now not allowed to ship consignments of certain Italian staple exports, such as quicksilver, to the United Kingdom unless they receive cash payment in sterling of a foreign currency *outside the clearing*. This interesting new device for avoiding the loyal discharge of commercial indebtedness may be commended to the attention of those who profess to see the future salvation of world-trade in clearing agreements.

It would be wholly mistaken, however, to conclude from the foregoing that Italian currency will suffer abrupt or precipitate exchange depreciation. It is sufficiently well controlled to prevent any such contingency. If there is a "black bourse" it is a small one. Domestically, the lira is gradually losing in purchasing power; but the supply offered abroad is limited to the amount of foreign exchange coming forward against it. Moreover, if domestic purchasing power in terms of *goods* is diminishing, its purchasing power in terms of *services*, that is, of skilled and unskilled labour, can, under a dictatorship, be kept arbitrarily high. It is the volume of consumption and the standard of living of the people that have to give way. Thus the currency remains "stable"—at any rate, for a protracted period. Quite recently, wages have had to be raised in some of the chief branches of Italian industry on account of the rising cost of living—without regard, however, to the ability of industry to support them. But the lira is unlikely to be devalued unless and until France sets the example, or some general move towards "alignment" takes place. There are some forms of power which shrink more than others from a loss of prestige.

Fascist rule, after all, has produced no self-consistent economic policy. It is true that the marshes have been reclaimed, and splendid roads and imposing edifices constructed. But working hours have been first lengthened and then shortened; interest on the debt has been reduced and raised again; rents have been cut and real estate values increased, and the currency has been successively deflated and inflated. Signor Mussolini may boast of his ability to put 8,000,000 trained men in the field. No impartial observer will believe that he could feed them for a week.

FINANCIAL NOTES

Another Franc Crisis.—After a comparatively long period of quiet in the foreign exchange market, at the end of last week the franc began to show signs of weakness, and has persistently required the support of the Exchange Equalisation Account. The latter seems to be evolving a new technique. Instead of pegging the rate at a certain level, the peg has been shifted and support given at different levels. Thus, instead of preventing sterling from appreciating and perhaps catching speculators short by a reversal of the trend, the Account now momentarily holds the franc to prevent a sudden run and then lets it go gently. On no occasion in the past week has support been at all firm, and on Tuesday the franc reached the highest level for two years at Frs. 76 $\frac{3}{4}$ to the pound, and on Thursday it went as far as Frs. 76 $\frac{1}{2}$. Three months' francs were at one time as much as Frs. 5 discount, equivalent to 25 per cent. per annum. The reasons for this new crisis of the franc are not hard to find. M. Blum has been experiencing difficulties with the Communist supporters of his Government, and the threat of a serious split at once produced a weak tendency in the franc. It is believed that should M. Blum's Government fall, devaluation would be considerably nearer and would probably be the first measure of a new Government. Another reason for nervousness is the increase of £40 millions in the Government's 1937 expenditure on defence, which not only puts the Budget well on the wrong side, but, coupled with Germany's extended military service and Hitler's remarks about colonies, also adds to the international tension. The Government's renewed efforts to enforce declaration of capital exports, so far from causing a repatriation of funds, have been regarded as a sign of desperation, and confidence has

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further weakened. The gradual increase of costs in industry due to the Matignon agreement about wages, etc., is, furthermore, continually bringing the issue of devaluation nearer. However, the latest rates on Thursday showed that pressure on the franc was decreasing, but though this may possibly indicate that the crisis is over, the future of the franc still remains dependent on the uncertainty of European and French politics.

* * *

The Foreign Exchanges.—The weakness of the franc, discussed above, inevitably had serious effects on the other currencies of the gold bloc. At the beginning there was some effort to move the franc-dollar cross-rate away from the gold point, and dollars were offered, moving the rate to Frs. 15.18, the gold point being Frs. 15.19. However, when pressure on the franc was renewed the support was not sustained, the franc went to the gold point again and shipments were engaged. Guilders, belgas, and Swiss francs all weakened, but on Saturday when the franc was quieter they improved slightly. At the beginning of the week pesetas, which had remained at the nominal rate of about 43 to the pound, suddenly broke and went to 55 and subsequently to 60. These rates are, of course, purely nominal as no dealings are made. In fact the break in the rate was due probably to someone who had been paid in pesetas and wished to convert into sterling at any cost. He was probably unsuccessful during the week. After various fluctuations during the first part of the week the gold bloc currencies showed a quieter tendency on Thursday, and closed slightly firmer. The dollar finished at 5.05 $\frac{1}{4}$ after having been outside 5.06, Swiss francs at 15.53, guilders 7.46 and belgas 29.92 $\frac{1}{2}$. The weakening of the gold bloc currencies meant that the franc was no longer at the gold export point, but gold has continually been shipped to New York and to a certain extent to London.

* * *

Czech Exchange Problems.—New measures have been introduced in Czechoslovakia which regulate the apportionment of *devisen* to Czech importers. In essence, it seems as though sterling rather than the gold franc were likely to be the future measuring rod of the Czech crown. Czech exporters, who send the bulk of their goods to the countries of Central and South-Eastern Europe, have been finding their blocked balances in these countries mounting up; and this has made it difficult for Czech importers to find free exchange to pay for the necessary imports of textile and metal raw materials; for most of these raw materials come from outside the ambit of Czechoslovakia's biggest markets. The gold reserve of the Czech National Bank altered only slightly between the beginning of 1935 (2,682 million gold crowns) to August 23rd last (2,698 millions); but the Bank's holdings of foreign

exchange during the same period have fallen from 302.8 millions in January, 1935, to 262 millions in July of that year, to 81.5 millions last December, and to a "low" of 23.5 millions on August 23rd last. This is the measure of hardship occasioned by the blocking of proceeds of Czech exporters to Central European countries. The Czech authorities have now decided only to make such *devisen* available for Czech importers as actually come in from Czech exports. This means a decline in Czech exports to the "exchange control" countries which hitherto took most of the Czech exports—indeed, that decline has already begun—but it may mean increased trade with Great Britain. Despite the close political link with France, Czechoslovakia has an unfavourable balance of payments with that country; for on debt and other service account she must pay to France about 300 million crowns per annum, and as a result of the stringent French import quotas her balance of trade will probably show an import surplus of about 120 millions with France this year—a passive item of about 420 millions in her economic relations with France as a whole. Thus the Czech National Bank has been unable either to secure enough francs to balance the trade account with France, or to equalise the services account, to say nothing of an opportunity to secure francs wherewith to buy essential imports *via* the French markets. Such a situation offered no permanent basis for the Czech crown in relation to the gold franc.

Czechoslovakia and Sterling.—In contrast to the above, Czech trade with this country has been developing favourably. Czech exports to the United Kingdom have risen from 236.6 million crowns in the first half of last year to 305.7 million crowns in the first half of this, and Czech imports from (or through) this country have risen for the same periods from 166.5 millions to 203.2 millions. This has led many Czech industrialists to urge the purchase of raw and prepared wool from England rather than, as hitherto, from France. The new Czech measures envisage the purchase of essential raw materials out of free exchange in those countries where such exchange arises—e.g. the United Kingdom, U.S.A., and British Dominions or possessions. Many Czech export industries are also to receive rebates on taxation, if they can thereby secure orders and free exchange proceeds. This expedient has been chosen in order to avoid further devaluation or direct export subsidies, which might well evoke accusations of Czech dumping. Meanwhile the National Bank has sold about 100 million crowns' worth of its gold and thereby raised its foreign exchange holdings to about 123 millions. This should ease the transition to the new system of *devisen* apportionment. It is a commentary on the restrictive trade policies of the gold *bloc* countries that even their clients and close associates which, like Czechoslovakia, are fundamentally in a sound economic position, are driven by the drastic import quotas of the gold *bloc* countries to enter, in effect, into the sterling area. Certainly neither the Czechs, nor the British merchants and manufacturers, should take this amiss.

The Money Market.—The market is still very quiet and money is plentiful. There were no Treasury bill maturities on Monday, as June 7th was a Sunday, but the momentary restriction had no noticeable effect on the market. Rates remain unchanged.

	Aug. 20, 1936	Aug. 27, 1936	Sept. 3, 1936	Sept. 10, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short loan rate:—				
Clearing banks	1-1-1*	1-1-1*	1-1-1*	1-1-1*
Others	1	1	1	1
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills	1-1-1	1-1-1	1-1-1	1-1-1

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral respectively.

Last week's tender of Treasury bills was a serious disappointment. The rate was slightly up by about 1d. to 10s. 9.49d., but the percentage allotted was only 29 per cent., a proportion completely inadequate to the needs of the market. Furthermore, bills were under-allotted to the extent of £4 millions. The smaller percentage was probably due to heavy outside competition, for applications totalled over £80 millions.

The Bank Return.—The note circulation this week has dropped by only £0.2 millions from the high level caused by end-of-month wage payments, and this suggests that the French crisis has brought about a renewal of hoarding. Compared with last year, the note circulation is up by about £1.3 millions.

	BANK OF ENGLAND				
	Sept. 11, 1935	Aug. 19, 1936	Aug. 26, 1936	Sept. 2, 1936	Sept. 9, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	193.4	243.8	244.8	245.4	246.5
Note circulation	400.3	444.5	443.4	445.8	445.6
Banking Department:—					
Reserve	54.0	60.3	62.4	60.7	62.0
Public deposits	16.0	23.6	17.2	18.1	20.4
Bankers' deposits	91.0	96.0	100.9	101.1	99.8
Other deposits	37.8	40.0	37.8	38.8	37.8
Government securities ...	84.5	86.4	84.8	85.7	83.5
Discounts and advances... 12.4	9.7	9.2	10.6	10.5	
Other securities	12.2	21.3	17.8	19.1	20.1
Proportion	37.2%	37.8%	40.0%	38.4%	39.2%

As expected, the Bank has bought gold to the extent of £1.1 millions, offsetting this with a reduction of £2.2 millions in Government securities. These two opposite trends have been evident in recent weeks, and in so far as they cancel each other out it cannot be said the Bank is either expanding or contracting the basis of credit. Public deposits are unusually high, but bankers' deposits have fallen by £1.3 millions.

August Clearing Bank Averages.—There are no very striking changes between the July and the August averages. Discounts and advances both show decreases of £3.3 millions and £7.7 millions respectively, suggesting that, in spite of the cheapness of money, there is no great demand for accommodation, and industry seems to be financing itself from its own resources.

	(In £ millions)					
	August, 1935 (a)	July, 1936 (a)	August, 1936 (a)	June, 1936 (b)	July, 1936 (b)	August, 1936 (b)
Capital and reserves	125.7	125.8	125.8	151.8	131.8	131.8
Acceptances, etc.	93.5	95.8	97.1	103.8	101.2	103.5
Deposits (including undivided profits, etc.)	1,976.0	2,131.7	2,133.4	2,191.4	2,206.0	2,208.8
Total liabilities	2,195.2	2,353.3	2,356.3	2,427.0	2,439.0	2,444.1
Cash	210.2	214.2	222.3	221.6	221.7	230.0
Cheques, balances and items in transit	44.7	56.6	54.6	66.6	58.3	56.4
Money at call	143.8	146.4	150.5	152.6	153.0	157.7
Discounts	285.2	340.0	336.3	327.5	347.0	343.7
Investments	589.1	594.5	597.0	626.2	623.3	625.7
Loans and advances	749.7	838.0	830.1	858.8	864.9	857.2
Investments in affiliated banks	25.1	25.2	25.2	25.1	25.2	25.2
Cover for acceptances, premises, etc.	137.4	95.8	140.3	148.6	101.2	148.2
Total assets	2,195.2	2,310.7	2,356.3	2,427.0	2,394.6	2,444.1

(a) Excludes District Bank.

(b) Includes District Bank.

Cash and call money have increased by £8.3 millions and £4.7 millions respectively. This increased liquidity shows that the gold purchases by the Bank of England have been more than enough to balance the needs of the joint-stock banks for coping with the holiday expansion in the note circulation. The small increase of £2.8 millions in deposits is offset by an increase of £2.4 millions in investments. Acceptances, etc., are a little higher than last month, but lower than the June figures.

THE STOCK EXCHANGE

FUTURE OF UNIT TRUSTS

THE Report of the Departmental Committee on Fixed Trusts has been available for the past month for inward digestion by the authorities, the investing public and the managements chiefly concerned. First impressions of an exceedingly complex and detailed document are slowly giving place to maturer judgment. The Government, of course, is free to enact, reject, or ignore the Report, in whole or in part. But the authority behind the document is second only to that of the classic report of the Greene Committee, on which the complete overhaul of British Company Law, in 1928, was largely based.

It is already apparent that the Report's main conclusions are supported by an overwhelming body of investment opinion, professional and otherwise. Official expressions of opinion from the unit trust movement itself have been mostly limited to that sincerest form of flattery which finds expression in claims to have anticipated many of the Committee's findings. Doubtless, all the recommendations are not equally acceptable to every management group; and the Movement as a whole retains its freedom to make representations, both before and after the drafting of a possible Parliamentary Bill, against individual recommendations. But the Movement does appear to have morally committed itself to underwriting the Report's main principles, and its own credit with its clients has certainly not suffered thereby. If, then, the Government decides to take up the matter, there should be nothing but the exigencies of Parliamentary time to prevent the passing of a Unit Trusts Act during the forthcoming session.

What would be the implications of such a measure, from the viewpoint, first of the Movement itself, and secondly of the investor? It is clear that the extension of regular and impregnable legal status to unit trusts is a fundamental concession whose ultimate benefits justify cheerful compliance by the Movement, even with the draconian conditions associated with its donation. We see no reason for modifying our original view that the Committee reached its conclusions that the trusts should have freedom to be fruitful and multiply, by intuition rather than by ratiocination. The requirements attached to the Movement's Magna Charta, however, cannot be criticised on the ground of undue leniency. On the contrary, the grant of legal autonomy has been hedged with so many conditions that its ultimate effect may be restrictive. A report which in theory places no limit to the propagation of new fixed trusts may in practice lead to the closing of old ones, and the concentration of genital powers in the hands of a few managements with large financial resources.

If the Committee's recommendations pass into law it will be well-nigh impossible to hide anything from the public that the public ought to know. No series of official recommendations has ever carried belief in the virtues of publicity so determinedly to its logical conclusion. Publicity has its own "sanctions," which are more effective than the severest scale of fines and penalties. A well-known Stock Exchange house has lately reviewed the Committee's Report under the caption: "Light and Air." The Committee's intentions could not be better summed up.

We may, however, pay the Movement the compliment of declaring that there are few, if any, present managements whose continued existence is necessarily endangered by the Committee's publicity recommendations alone—though adherence to them may well throw individual differences of investment "appeal" into stronger relief. But the effect of the financial sections of the Report is another matter. The proposed insistence on a £20,000 deposit from every unit trust (apart from any funds held in reserve) will not secure investors therein against all possibility of future victimisation by the deliberately dishonest or the criminally reckless. A similar stipu-

lation has not saved policy-holders in certain unhappy insurance companies from a total loss. But it will limit the opportunity to make mistakes to those who, at least, start with a certain substance. In fact, it is likely, given the peculiar conditions obtaining in the unit trust field, to close that field completely to the casual profit-snatcher. Experience has already shown that the running of a unit trust does not yield anything like a handsome profit until unit sales have reached something like £1,000,000. If the "overheads," in addition, are to include, at best the immobilisation, and at worst the immolation, of £20,000 for every new scheme, the irresponsible adventurer will pause before committing himself.

It remains to be seen how many of the smaller existing trusts, whose units for one reason or another have not achieved a strikingly large sale, will take advantage of the Committee's suggestion that trusts which cease the issue of new units or sub-units within three months from the publication of the Report (i.e. by November 12th next), should be allowed to function as "closed trusts" without the £20,000 deposit. Their number may be considerable, for the amount invested in the average unit trust, other than about ten of the largest, has been estimated at no more than £500,000. It is probable that, under the new regime, the managements interested in the continuance of "live" trusts and the formation of new ones will be capable of being enumerated on the fingers of two hands—or even one. In theory, their ranks will not be a closed corporation. If "big money" is really to be made out of unit trust organisation, there is nothing to prevent public companies, with capital subscribed through a public prospectus issued in the ordinary way, from coming in, establishing their own satellite trusts, and reaping the ostensibly bounteous harvest. Actually, the omens are against any such development, on a widespread scale. The day of pioneer profits in the movement has passed. Management has become a specialised and highly competitive business, in which all the advantages are on the side of those already equipped with a working organisation and a fund of experience.

It is probable, therefore, that the broad effect of the Committee's Report will be a pruning out of some of the weaker existing trusts, and control of the formation of new ones by a relatively small number of management houses with substantial financial resources, administering a somewhat stringent code of law and practice. As a result, some of the features to which, in the past, we have taken exception in these columns, may well be eliminated or substantially modified. Strong managements, in a movement which has achieved the hallmark of recognition *per ardua*, have every incentive for avoiding such blemishes as the artificial forcing-up of "yields." Other pitfalls, like unscrupulous advertising, will be railed-off by the law itself. The danger of excessive "duplication" of over-popular stocks and shares in the portfolios of many trusts will remain. But the ability of the leaders of the movement to prevent duplication from reaching excessive lengths will obviously increase in proportion as the element of irresponsible competition within the movement diminishes. In any case, the more truly *flexible* unit trusts become, and the less their choice of securities is dictated by window-dressing for salesmanship purposes, the wider the range of unit trust investment is likely to be.

Present omens suggest that the trusts may well have time to adapt their organisation to the new regime, before the supreme test of administration in a falling market is imposed on them. Hitherto, it has been almost impossible to choose a portfolio of securities, by wisdom or the common pin, which could not be relied on to show substantial capital appreciation after a few months. This state of affairs may not be immediately threatened, but it cannot

endure indefinitely. Having created a new medium for the investor, the movement's leaders must now make good their claim to special skill in investment.

All things considered, it is arguable whether the most desirable of all future developments would not be a closer association between some of the leading groups in the "unit trust" and the "investment trust" spheres, such as has already occurred in America. Hitherto, the experience of unit trust management, as such, has been mainly on the "sales" side. The choice of an original portfolio has received much attention, but there has been little opportunity (and, perhaps, even less inclination) to acquire intimate knowledge of the problems involved in managing a "liquid" unit, whose constituent securities may change widely, from time to time. The investment trust movement has been acquiring precisely that knowledge for more than half a century, but a number of considerations have deprived it of any opportunity to share in the fruits of the popularity of "pooled investment" during the past five years. At bottom, however, both types of trust are selling the same thing—investment by the law of averages.

If, as a result of the Committee's Report, the unit trust Movement is destined to abandon certain of the more spurious elements in its appeal, after having earlier abandoned its untenable insistence on "fixity," there will remain, in the last analysis, no recognisable divergence between the main objectives of the two movements. Unit trust interests may claim that they have made the benefits of risk-spreading available to the small man. They may contend that they are not hampered, as the investment trusts are, by damaging historical legacies such as large foreign security holdings and heavy fixed interest obligations. The investment trust authorities may reply that their rivals have a great deal to learn about what is, after all, their real *raison d'être*—the management of a well-tempered portfolio. Here, surely, is the strongest argument for a marriage of convenience.

INVESTMENT AND COMPANY NOTES

Stagnant Home Rails.—The home railway market has lately been in stagnant condition. Present prices of "marginal" stocks adequately discount prospective increases in net revenue. Investors are inclined to retain, but not to increase, their existing holdings, and no early change in their attitude is likely in the absence, on the one hand, of any indication of the extent to which rating over-payments will be recouped, and, on the other, of any renunciation by the railwaymen of their claims to the lion's share of the proceeds of railway revival. The weekly traffic figures, which at present afford the only possible stimulus to market interest, are making an irregular showing. This week's gain on the four railways of £229,000, compared with the corresponding week of 1935, was hardly sufficient to compensate for the relatively unsatisfactory showing of the preceding week, when the gain was only £61,000. The past fortnight's traffics, as a whole, show some reduction in railway activity when compared with those for the preceding eight weeks which were analysed in detail on page 402 of the *Economist* of August 29th. The average weekly gain in terms of 1935 is lower, and comparison with the pre-depression average for 1927-30 is less satisfactory. Receipts on the L.M.S. have been running 13.2 per cent. below the 1927-30 level in the last fortnight, compared with 10.8 per cent. in the preceding eight weeks. The Great Western's deficiency has increased from 12.5 per cent. to 14.3 per cent., and the Southern's from 6.4 per cent. to 7.5 per cent. The most satisfactory trend has been on the London and North-Eastern; but even this company's receipts have been 14.6 per cent. below the pre-depression average, against 13.8 per cent. It would be premature to read too much into any couple of weeks' figures, but stockholders who are endeavouring to estimate the probable increase in gross takings for the whole year 1936, compared

with last year's figures, should take due account of the fact that the last quarter of 1935 produced substantial improvements in traffic, particularly in coal transport. And coal at the moment is the least impressive member of the passenger-merchandise-coal triumvirate.

* * *

Coal Share Prospects.—Since the settlement of the miners' wage dispute last January, coal shares have been a rising market. Investment interest has been whetted by every subsequent development in the industry—the increase in prices, the introduction of the minimum price and centralised selling schemes, the industry's refusal to accept the Government's reorganisation proposals, the publication of the official quarterly returns, and, this week, the truce in the South Wales dispute. Coal-mining recovery has been long delayed, but the immediate outlook for many individual concerns, at least, has become more promising. Between district and district, however, there is considerable variation. Coal exports, unfavourably affected in any case by the disappearance of trade with Italy, are still acutely depressed, and the exporting areas, consequently, are little better off than before. Durham and South Wales, in particular, have made little progress. Companies in those areas which produce mainly for home demand, and are relatively prosperous, may well be penalised by the proposed district levies to subsidise the export trade. The shares of companies like Powell Duffryn and Ocean Coal have, therefore, scarcely participated at all in the general upward movement of values. Market attention has, in fact, been concentrated mainly upon the "Midland" shares, a selection of which appears in the following table:—

Company and accounting date	Ord. share denomination	Earnings (%)		Dividend (%) 1935-36	Price	Yield (%)
		1934-35	1935-36			
Bolsover Colliery (Dec. 31).....	£1	13.4	15.6	9†	47 6	3.79
Hilton Main (June 30).....	£1	15.9	26.5	15	54 6	3.50
Manvers Main (June 30).....	£1	15.8	...	4†	28 0	3.21
Shipley Collieries (March 31).....	£1	6.9	18.4	8	33 0	4.85
Sneyd Collieries (June 30).....	£1	26.3	...	12†	45 0	5.56
Yorkshire Amalgamated (March 31).....	£1	2.0	4.8	4	23 0	3.48

† For calendar year 1935.

* For 1934-35.

Yorkshire Amalgamated and Manvers Main are in the Yorkshire area, Bolsover in Nottingham, Shipley in Derbyshire, Hilton Main in the Cannock Chase field, and Sneyd Collieries in the Potteries. All are supplying an increasing internal demand for coal at an increasing price. In the first quarter of this year the average profit in these districts was 2s. 10½d. per ton, compared with 1s. 5½d. in the country as a whole. Their results have not yet reflected the operation of the new selling schemes. In some parts of the country, these schemes provide only for the fixing of minimum prices, with a very loose planning of the distribution of the output. In N. Staffordshire, however, a full centralised selling scheme has been working successfully for three years—and is partly responsible for the excellent profit level of Sneyd Collieries. In the big "Midland Amalgamated" area, a system of group centralised selling has been introduced, by which, in this very large region, the entire output will be handled by twenty-three area monopolies. This scheme will necessarily benefit profits, for it is unlikely that prices will be lowered as efficiency increases. A sign of the times is the decision of the directors of Hilton Main to expand the company's business and issue new capital. A coal company capital issue for new development is *rara avis*, and affords a significant pointer to the prospects of the "Midland" companies.

* * *

Shipping Share Revival.—A main feature of an unusually active holiday season on the Stock Exchange has been a revival in interest in shipping shares. The rise in quotations has been steady, and prices now stand little below their highest levels of the year. There has been singularly little in the latest trade returns to encourage such a movement. The volume of world trade is expanding, but still relatively slowly. British trade itself, apart from coastwise traffic, is not making a better showing.

There is little sign of abatement, moreover, in the making of competitive subsidies. This week, the New Zealand Minister of Marine foreshadowed the introduction of a New Zealand subsidy system to counter United States competition. Nevertheless, conditions in the industry are improving. The volume of laid-up tonnage has diminished appreciably, and the normal seasonal improvement of freight rates has been well in evidence. Last autumn this movement was accentuated by the "war risks" increases in freight rates. Although the market, at the time, was inclined to attribute the whole of the advance to that cause, present rates are still running some 10 per cent. higher than a year ago. The minimum freight rate structure is apparently being well maintained, and in the last week or so the market has been encouraged by news of a number of new increases. The most important has been the conclusion of a fresh contract between the New Zealand Government and four British shipping companies at rates 2½ per cent. higher than those of the previous contract. On the whole, prospects look better than at earlier stages of industrial revival. Shipping shares, as such, however, remain a somewhat speculative group. Only a few of the companies, like Clan Line, have returned to the dividend list. Others, like Cunard and Coast Lines, depend upon specialised types of traffic. Of the two best-known shares, P. & O. Deferred has risen this year from a "low" of 18s. to 26s., and Furness Withy has improved from 16s. 3d. to 22s. Neither paid a dividend last year, and P. & O. did not even earn its full depreciation. Present prices, therefore, already discount a substantial increase in the level of profits. Of the two, Furness Withy appear the nearer to a dividend.

* * *

Actuaries' Investment Index.—The Actuaries' Index computed on Tuesday last, does not register the easier tendency which was in evidence about the middle of the week. Actually the average for 178 industrial equities (December 31, 1928=100) comes out at 88.0 this week, and compares with 87.4 last week, and with 85.7 a month ago. The average yield is given as 3.60 per cent., against 3.62 per cent. last week, and 3.68 per cent. a month ago. Movements in selected groups are set out below:—

Group and No. of Securities	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Aug. 11)	Last Week (Sept. 1)	This Week (Sept. 8)	Month Ago (Aug. 11)	Last Week (Sept. 1)	This Week (Sept. 8)
Building Materials (5).....	103.1	108.1	108.8	4.71	4.50	4.47
Coal (7).....	102.4	104.1	104.2	3.30	3.21	3.29
Cotton (6).....	41.3	41.2	41.0	2.14	2.09	2.11
Iron and Steel (12).....	80.3	79.6	81.6	3.72	3.75	3.70
Oil (5).....	83.6	85.2	90.4	3.22	3.18	3.00
Home Rails (4).....	78.1	77.7	78.3	1.49	1.53	1.48
Breweries and Distilleries (21).....	150.6	153.0	155.0	3.91	3.84	3.79

The principal change has occurred in oil shares, the appreciably higher index for which reflects the great activity of the past ten days. The upward trend in brewery issues continues. A similar rise is shown in the iron and steel group. The cotton group, alone of those appearing above, shows a fall which, though unimportant in itself, is typical of the continued dullness of this section of the market.

* * *

Triplex Prospects.—Although the immediate effect of Mr Graham Cunningham's speech at Wednesday's meeting of Triplex Safety Glass was a marking down of the company's shares from 122s. to 118s. 9d., this expression of disappointment was due to the absence of an immediate announcement of a bonus share issue rather than to dissatisfaction with a commendably frank review of the company's prospects. Only the short-term speculator, indeed, had any grievance, for the chairman specifically stated that, before the next annual meeting, the board would submit "proposals for the reorganisation of the company's capital"—which obviously will include a bonus issue, as the greater includes the less. On the pre-meeting Stock Exchange price of 122s. for Triplex shares, the market valuation of the equity was £2,440,000, while the total issued capital, general reserve and "carry forward" is under

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£500,000. Of more consequence for long-term investors was the chairman's review of the company's competitive position and sales policy. Triplex works in close association with Imperial Chemical Industries, and its attitude is much the same as that of the I.C.I.—that customers as well as shareholders should participate in the fruits of progress by way of appropriate adjustments in selling prices. This policy has played its part in the increase in the company's turnover from 2,958,000 feet in June, 1933, to 5,964,000 feet in June, 1936. Sooner or later, there is a limit to every such geometric increase, but that limit, obviously, will have been reached only when every road vehicle, private and commercial, has been fitted with safety glass as part of its standard equipment. Actually, between November and last February, there was a decline in the company's turnover, but the causes were exceptional. Certain motor-car manufacturers, who had formerly used Triplex on all their models, began to use ordinary glass for their cheaper cars, to compete with other makers who had not adopted safety glass exclusively. This, as Mr Graham Cunningham declared, was a retrograde step, but the board answered it in the best possible way, by offering substantial reductions to makers who would fit Triplex all round. The trade's response has been satisfactory, and the "hundred-per-cent. list" now comprises eighteen British car manufacturers, including the largest. Earning power has been further fortified by such semi-windfall factors as the cessation of a royalty payment this year, and the winning of an important legal action by the company's American subsidiary. Altogether, the chairman's review contained many arguments for the retention of Triplex shares by present holders.

* * *

Second Alliance Trust.—This Dundee company, like its senior stable-companion, the Alliance Trust, transacted a large pre-war American mortgage business, but this has been gradually liquidated for many years past. To-day some 96.21 per cent. of its invested funds are in bonds and stocks, and the company ranks as one of the most successful in the range of investment trust concerns. Its invest-

ment and other income fell from £215,790 in 1930-31 to a low-water mark of £175,649 in 1933-34, and ordinary dividends were reduced from 22 per cent. to 18 per cent. Recovery, subsequently, has been steady:—

	Years to July 31st		
	1934	1935	1936
Investment and other income	175,649	180,866	191,318
Expenses and fees	8,194	8,894	8,975
Taxation	30,340	30,050	31,303
Interest	58,649	56,074	53,948
Preference Dividend	24,216	24,675	24,478
Ordinary shares—			
Earned	54,250	61,173	72,614
Paid	48,431	49,350	48,956
Earned %	20.2	22.3	26.7
Paid %	18	18	18

Contingent reserve and other provisions 25,994† 10,742† 25,163
Carried forward 11,449 12,531 11,026
† Includes expenses of debentures, £994, £742 and £163, respectively.

The decision to maintain the dividend at 18 per cent. is definitely conservative. In 1933, when the earnings ratio was lower than at present, a total ordinary distribution of 22 per cent. was made. The recovery in the capital value of the company's investments has been satisfactory to all concerned. A depreciation in market value which four years ago was as much as 20½ per cent., had been reduced a year ago to one per cent., and has now been replaced by a surplus, whose amount the directors, with the tantalising modesty common to most investment trust boards, refrain from disclosing. The company, more fortunate than many English trusts, has more than a third of its debenture debt in terminable debentures and interim loans. As these fall in, they are being replaced by bonds at 3½ per cent. The ordinary stockholders' equity has thus been increased proportionately with the decline in total interest charges from over £60,000, three years ago, to under £54,000 at present. If the company could but see its way to depart from Scottish traditions of reticence, and to furnish summary particulars of the distribution of its investments, its example would doubtless have a powerful effect.

D. Gestetner.—Further progress is reported in the latest accounts (published, as always, promptly after the close of the year) of these makers of duplicators and office appliances. The total profits are £194,082, against £176,794; no credit is taken for the profits of subsidiaries, although losses have been allowed for before striking the balance of profit. This very satisfactory improvement has resulted in the highest level of profits recorded since the business became a public company in 1929. An analysis of results for the past three years appears below:—

	Years to August 31		
	1934	1935	1936
Profit	138,212	176,794	194,082
Depreciation	11,378	12,715	14,245
Staff funds and directors' fees	8,714	9,024	8,655
Income tax reserve	4,000	15,000	16,500
Earned for dividends	114,120	140,055	154,682
Preference dividend	20,473	18,375	18,375
Ordinary shares:—			
Earned	93,647	121,680	136,307
Paid	63,750	89,250	100,406
Earned %	48.2	51.4	51.4
Paid %	30	35	35
General reserve	32,367	31,875	35,859
Carry-forward	19,134*	19,689	19,731
Capital bonus:—			
From general reserve	42,500	31,875	35,859
Rate %	20	12.5	12.5

* Includes £2,244 profit on sale of investments.

The ordinary dividend is maintained at 35 per cent., and the rate earned for the equity is likewise unaltered at 51.4 per cent., the higher profits having been earned on an ordinary capital increased by a share bonus last year. In addition, a capital bonus of 12½ per cent. is being distri-

buted, of equal amount with the year's allocation to general reserve, which remains at £100,000. The balance sheet, though devoid of outstanding changes, carries the expected signs of progressive business. A highly liquid position is again shown; cash and gilt-edged securities amount to £281,397, as against £259,263. Stock-in-trade has risen by the considerable sum of £13,229 to £80,743, but debtors other than subsidiaries stand at £104,382, as compared with £116,480. There is no reason to expect, in the near future, inability to maintain the current dividend on the increased ordinary capital, though a business of this nature is always exposed to the risk of new inventions or processes. Whether the company can be expected to maintain the payment of substantial annual capital bonuses, however, is another matter. The ordinary shares at the current price of 47½ yield £3 14s. 6d., exclusive of capital bonus.

Oil Shares.—Activity in oil shares has broadened considerably since we discussed oil prospects in an investment note on August 22nd. At the moment a reaction has occurred, but, as the following table shows, the leading shares have on balance enjoyed a considerable rise:—

	Prices		Last	Est.
	Aug. 21	Sept. 10	Div.	%
Anglo-Iranian £1	4 3/8	4 3/8	15	17 1/2
Burmah Oil £1	4 1/2	5 1/8	20	22 1/2
Shell Transport & Trading £1	5 1/2	5 1/2	17 1/2*	20*
Trinidad Leaseholds £1	5 3/8	5 1/2	17 1/2†	25†
Mexican Eagle \$4 Pref.	25/9	28/6	10d. p.s.	1/6 p.s.

* Tax free.

† Year ending June 30th.

No change has occurred in the American oil situation to justify the optimism of the London market, though consumption of oil products is being well maintained. Sir John Cadman has been misquoted as warning the World Power Conference in Washington about the possibility of the exhaustion of the world's oil resources in twenty years' time. It appears that Sir John mentioned in general terms only the estimates of oil reserves which had recently appeared in trade journals and that he refrained from expressing any opinion as to the accuracy of these estimates. His sole object was to draw attention to the importance of preventing waste in the production and utilisation of the natural sources of liquid fuel, which are certainly not inexhaustible. This may have impressed oil shareholders in Great Britain, but hardly the American investor, seeing that the United States are still blessed, or cursed, with an over-production of crude oil. At the end of August, the daily average production of crude oil was 3,032,050 barrels, which exceeded the recommendations of the Bureau of Mines by a daily average of 95,150 barrels. This in itself was no cause for alarm, having regard to the considerable reduction in crude oil stocks during the past few months, but it was accompanied by an increase in refinery operations. The runs to refinery stills are exceeding 3,000,000 barrels a day for the first time in the history of the American oil industry. During the past four weeks refinery operations have increased by no less than 180,000 barrels a day, which is far more than is justified in the 10 to 12 per cent. increase in gasoline consumption. The oil industry is now approaching the season of declining consumption with gasoline stocks still in excess of requirements. The American gasoline market is, therefore, easier and, in addition, the Roumanian gasoline market has become decidedly weak. There is, however, no reason for nervousness among oil shareholders. Earnings this year will show great improvement over those of 1935, the results of twenty-five American oil companies in the first half of this year, indeed, disclosed an increase in net profits of no less than 40 per cent. The London market is probably justified, therefore, in estimating the increases in dividends shown in our table.

General Mining and Finance.—The increase from 7½ per cent. to 10 per cent. in the interim dividend of this corporation, writes our mining correspondent, is primarily due to the entry into the dividend list of the deferred shares of West Rand Consolidated. At the end of 1935 only a small balance remained to complete the £1,500,000 which the ordinary shares were entitled to receive before the

deferred ranked for dividend. For the first half of the current year an initial dividend of approximately £2.59 was paid upon the deferred shares and absorbed £64,847. The General Mining is understood to hold practically the whole of the capital concerned. If West Rand maintains the dividend of 25 per cent. paid on the ordinary shares for 1935—as seems probable, to say the least, in view of the increase in monthly profits—the disbursement on the deferred will amount to £170,000 per annum. Factors contributory to the additional prosperity of the General Mining have been the increase in dividends from the holding of East Rand Proprietary and the receipt of revenue from the New Steyn Estate after its absorption by the Durban Roodepoort Deep. General Mining is understood to possess a large interest in Metal Traders, whose shares have lately been prominent. It is also one of the original subscribers to West Witwatersrand Areas, and is a participant in Vogelstruisbult, which is expected to commence crushing towards the end of this year. The advance in the General Mining interim dividend has naturally been interpreted by the market as foreshadowing a larger final distribution, which might bring the total for the year up to, possibly, 25 per cent.

Other Company Results.—An analysis of the reports of fifteen other companies appears on page 496. Profits of *Kay's Atlas Brewery* show a satisfactory increase of £1,826 to £14,714, and allocations to reserve have been resumed. Still further improvement is shown by *Grosvenor House* (Park Lane), whose net earnings are £73,649 against £61,464. The net profits of *United Caterers* are slightly lower at £4,012, and the auditors' report is qualified in several particulars. *Hawthorn Leslie*, the shipbuilders and engineers, are paying a higher dividend of 6 per cent., the amount earned for the equity being £25,648 against £23,194; trading profits have, however, fallen from £30,215 to £27,023, but no debenture interest has been chargeable. Five rubber company reports have been received this week; *Brooklands Selangor* record the very substantially increased profits of £13,551, against £8,908, and are raising their dividend from 5 per cent. to 7½ per cent. Nothing in the full *Calico Printers'* results reduces the disappointment caused by the preliminary statement; the directors' report offers no explanation of the year's loss. The balance sheet discloses, as usual, a liquid position. The profits of *North Central Wagon*, at £43,966, are slightly higher. The report refers to a re-valuation of the company's interest in *Wagon Repairs*. A preliminary announcement by *Cohen Weenen*, controlled by Godfrey Phillips, shows a continuance of the downward trend of profits. After charging depreciation, etc., net profits are £51,428 against £67,376, and the dividend has been halved at 9 per cent. *Initial Services* have declared a final dividend of 16½ per cent., making 25 per cent. on a capital doubled last year by a bonus issue. A number of tin company interim dividends have been announced this week. *Sungei Besi* are paying 12½ per cent. against 5 per cent. this time last year; *Tronoh Mines* have, at 10 per cent., doubled their third interim, and paid 27½ per cent. to date, and *Kinta Tin Mines* also, in paying 5 per cent., double their interim payment.

Port of London Authority.—The results given in the Port of London Authority's full report for the year ended March 31, 1936, promise well for the ultimate usefulness of the work now being carried out under the docks modernisation scheme. The net register tonnage of vessels arriving and departing in 1935 was, at 59,762,150 tons, the highest ever recorded, and represented an increase of 1.4 per cent. over 1934, when the comparable figure was 58,947,642 tons. Of greater significance, perhaps, is the increase from 39,284,779 to 40,888,825 tons, during the year covered by the Report, in the quantity of imported and exported goods, equivalent to 2.9 per cent. in imports and 9.9 per cent. in exports. The increase in the "Foreign" tonnage is, however, slightly smaller than the total increase; it stands at 3.5 per cent., as against 4.1 per cent. for all classes combined. A consideration of total volume alone does not bring out clearly the advance in foreign exports, which,

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though constituting only one-twelfth of the tonnage of goods dealt with, are 11.7 per cent. in excess of the previous year. Foreign imports, on the other hand, have increased by 2.2 per cent. only. The Report gives details of the improvements and reconstruction works that have taken place. Work on the modernisation of the Royal Victoria Dock appears to be well under way, and 10 out of the 25 electric quay cranes ordered have been completed; the deepening of the Royal Albert Dock is being proceeded with, and the widening of the North Quay for most of its length is finished. In an account of events of general interest, the Report refers to the growing problem of river pollution, and it is satisfactory to see that a conflict of interests between the Port of London and the L.C.C. was settled without recourse to a petition against a clause of a Bill presented by the latter body. The financial statement shows a total revenue of £5,668,279, against expenditure of £4,082,354; capital expenditure for the year was £288,558. After deduction of interest and other charges, there remains a small surplus of £6,166, to which is added £399,152 brought in and carried forward. The excess of revenue over expenditure is £1,585,925, representing a yield of £4 10s. per cent. on the aggregate of the Authority's stocks, which are of a semi-gilt-edged character, and of which there is £35,175,963 outstanding.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

TICKET	SETTLING DAYS	ACCOUNT
SEPTEMBER 22		SEPTEMBER 24

THE fortunes of the market have been subjected to fluctuating forces during the past week. The account opened well, with uneasiness over Palestine and over the coal situation removed for the time being by the Government's statement of forceful intentions and by the cancelling of the South Wales strike notices. The strength of Wall Street was encouraging and everything then went well until the French difficulties began to grow in mid-week, accompanied by renewed flight from the franc. As the foreign exchange situation improved slightly later, the markets recovered from their rather too rapid depression. The gilt-edged market was slightly sensitive to these changes, but on the whole the tone was very firm, and in mid-week there was a further advance in the tap price of 2½ per cent. Funding Loan. Colonials improved slightly, particularly Australians, while India stocks held firm, and Home Corporations were well supported, except for a slight hesitation in mid-week. The foreign bond market opened the week well, with Chinese issues to the fore on the peace settlement in the south, and the reported quashing of the new Customs tariff in the north. German bonds were the next to recover, and Peru Corporation bonds have been in good demand. The mid-week developments pushed down most prices in this market, particularly for French issues, but Peru Corporation continued their upward movement.

Home rails responded rapidly to the South Wales settlement and were very firm in anticipation of good traffic figures; but the French development upset the market, and prices declined on Wednesday in spite of the excellent returns. Transport "C" gained steadily. The focus of interest in the foreign rails markets were Leopoldina shares, which were

encouraged by the good traffic figures, and in mid-week Argentine issues were firm for the same reason.

The industrial share market made a good start to the week, and the iron and steel section became firmer on the continued trade expansion; Pressed Steels benefited from the interim dividend and coming share bonus, and Hawthorn Leslie gained on the results. Motor shares have made rather an irregular showing, but aviation issues have been very firm. There was a quick improvement among coal issues on the settlement, and Bolsover were bought on the increased dividend. Profit-taking developed among electrical equipment issues, after a good beginning to the week, and supply shares were idle, apart from Perak River.

Textile issues have been satisfactory on the whole, while among rayon shares Courtaulds lost ground in mid-week after earlier strength, and textile machinists also turned dull. Woolworth were lower on profit-taking at the end of last week, and have since continued to sag in a fairly steady stores section. Tate and Lyle were the feature in the Provision group. Breweries have put up a very satisfactory performance, apart from a temporary setback in Guinness, which quickly recovered. The miscellaneous industrials market has been irregular, particularly in mid-week, although there have been a few bright spots. Triplex Glass were depressed by the Chairman's remarks at the meeting, but recovered on second thoughts; Carrier Engineering improved along with a few other engineering shares, but building material shares were mostly lower.

The oil shares market was very active at the end of last and at the beginning of the present week, and practically all issues gained ground. In mid-week a temporary reaction set in under the influence of the French situation and the fear of European developments, but later prices became much firmer. American news was considered encouraging, and Continental support was in evidence. Business in the rubber and tea shares markets was very dull, with prices moving downward on a very small volume of business.

The Kaffir market opened the week quietly, after a strong close to the last account, and business tailed off further in mid-week on the political and economic situation in Europe and the falling price of gold. Prices which had mostly been firm reacted for both operating and finance issues, but later in the week a firmer tendency became evident, on a slight improvement in the metal price and on buying from the Cape. Ashanti and Bibiani were the features in the West African section, but all shares came on offer in the general setback. Rhodesian copper descriptions improved slightly on the higher commodity price and the proposed increase in production quota, but became easier later. Mawchi and one or two other tin issues benefited from dividend anticipations. On the Paris Bourse, the difficulties of the franc affected business, and most shares were dull. Similarly weak conditions, with irregular price movements, prevailed on the Berlin Bourse, while in Amsterdam conditions became irregular after a fairly cheerful opening. Royal Dutch were the main attraction.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Sept. 4	Sept. 3	Sept. 4	Sept. 7	Sept. 8	Sept. 9	Sept. 10
Govt. and Municipal	5,183	942	938	1,031	1,165	876	924
Transport, etc.	4,732	947	842	941	1,018	957	911
Comm. and Ind.*	25,238	5,065	5,190	5,593	5,090	4,777	4,390
Banks and Ins.	2,759	822	509	594	579	607	538
Mines	6,530	1,300	1,225	1,394	1,183	1,121	1,278
Oils	1,599	415	390	451	323	336	254
Rubber and Tea	1,550	314	274	295	246	290	218
Total	47,572	9,505	9,366	10,299	9,604	8,964	8,453
Corres. day 1935	...	6,950	7,480	7,789	7,650	7,250	5,525

* Including Steels and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY SHARES. (July 1, 1935 = 100)

Highest†	Lowest‡	Sept. 3	Sept. 4	Sept. 7	Sept. 8	Sept. 9	Sept. 10
120.9	107.4	117.8	118.1	120.8	120.9	120.1	118.7
† September 8.		‡ January 2.					

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest†	Lowest‡	Sept. 3	Sept. 4	Sept. 7	Sept. 8	Sept. 9	Sept. 10
188.4	186.2	138.0	138.0	138.1	137.9	137.9	137.9
† February 10.		‡ June 26.					

AMERICAN STOCK EXCHANGE

NEW YORK

THE announcement that Carnegie Illinois Steel would raise prices for the fourth quarter of the year caused last week's dealings to end with a flourish last Saturday, and modest price gains were registered by steel, industrial and railroad company shares. Dealings opened on Tuesday of this week, after the Labour Day holiday, in a very cheerful mood, with automobile and farm implement shares leading the market, and turnover near the million and three-quarter mark. But in mid-week a setback developed, under the supposed influence of European developments relating to Germany and to Spain. Metal and rubber securities gained against the general trend. On the bond market Government issues were irregular immediately after announcement of the terms of the new issue, but the tone hardened later, and prices improved. Railroad issues were in good demand. Steel mill activity for the week was estimated at between 3 and 4 points down on the previous week, thanks to the Labour Day shutdown; scrap prices are very high, and supplies are very short. Business news continues to be very satisfactory, and activity is expanding with the approach of the autumn.

	Sep. 2, 1936	Sep. 9, 1936	Sep. 10, 1936	Sep. 2, 1936	Sep. 9, 1936	Sep. 10, 1936
	(Close)	(Close)	(Latest)	(Close)	(Close)	(Latest)
1. Rails & Trans.						
Atchafalaya	82½	82½	83½	57½	58½	58½
Balt. and Ohio	24½	25½	26½	114½	115½	115½
B.M.T.	54½	54½	54½	40	42½	42½
Can. Pacific	12	12½	12½	68½	67½	68½
Ches. and Ohio	67½	67½	67½	17	17	17
Ill. N. & W. Ry. Pt.	41½	41½	42½	20½	21½	21½
Ill. Central	28	28½	28½	168	168	168
N.Y. Central	44	45	45½	11½	12½	12½
Nor. Pac.	27	29	29½	28½	29	28½
Pennsylvania R.R.	39	39	40	27½	28½	28½
Southern Pac.	43	43½	44½	25½	24½	25
Southern Ry.	23½	23½	24	74½	76½	77½
Union Pac.	140	138½	138½	228	228	228
Greyhound Corp.	57	55	56½	127	127	127
2. Utilities and Communications						
Am. Waterworks	25½	25½	26½	16½	16	16
Cous. Gas of N.Y.	31	31	31	154	163½	162½
Edison	44	43½	44	96½	97½	97
Gen. Elec.	21½	21½	21½	33	34½	34½
Ind. Elec.	21½	21½	21½	56½	55½	55½
Nat. Pwr. and Lt.	12	12	12	47½	47	47
North American	33½	33½	33½	141	140½	141½
Pac. Gas & Electric	38½	38	38½	124½	126	126
Pac. Lighting	53½	53½	53½	25	25	25
Pub. Service N.J.	37½	37½	37½	72½	72½	73½
Stan. Gas & Elec.	8½	8½	8½	71½	71½	72½
United Corp.	8	8	8	126	126	126
United Gas Imp.	16½	16½	16½	25	25	25
Am. Tel. & Tel.	174½	178	179	79½	79½	79½
Int. Tel. and Tel.	12	12	12	115	115½	116
Western Union	86½	89½	90½	22½	22½	22½
Radio	11	11	11	68½	68	68
Radio B. Pref. New	74½	74½	74½	157½	157½	158
3. Extractive and Metal Industries						
Am. Rolling Mills	28	29	29½	57	57	56½
Beth. Steel	67½	69½	71½	27½	28½	28½
Republic Steel	122	120½	120	27	27	27
U.S. Steel	22½	24½	24½	32½	32½	32½
U.S. Steel Pref.	70	71½	72½	175½	175½	175½
Alaska Juneau	15	15	15	14	14	14
American Metal	32½	37½	37½	20½	20½	21½
American Smelting	85	84	85½	16½	18	18½
Anaconda	39	39	39½	59½	59½	59½
Bohn Aluminum	43	43	43½	30½	30	30½
Cerro de Pasco	54½	54	54	48	48	48
Int. Nickel	54	56½	57½	48	48	48
Kennecott	47	47	47½	48	48	48
Patio Mines	11	11	11	102½	102½	102½
Texas Gulf Sulph.	37½	38½	38	106½	106½	106½
U.S. Smelt.	78	78	78½	22½	22½	22½
Vanadium Corp.	23	24	25	56½	56½	57
Atlantic Refining	27	28	27½	30	30	30
Phillips Petroleum	43	42	42½	47½	46	46
Shell Union	18½	19	20			
Shell Union Pref.	120	120	120			
Soco Vacuum	13	13	13½			
Stand. Oil Calif.	35	36	36½			
Stand. Oil N.J.	62	62	63			
Texas Corp.	37½	38	38½			
4. Manufacturing						
Briggs	57½	58½	58½			
Chrysler	114½	115½	115½			
Electric Autolite	40	42½	42½			
General Motors	68½	67½	68½			
Hudson Motor Car	17	17	17			
Murray Corp.	20½	21½	21½			
Nash Motors	11½	12½	12½			
Packard Motor Car	28½	29	28½			
Bendix Aviation	28½	27½	28½			
Boeing Airplane	28½	27½	28½			
Douglas Aircraft	71	72½	73½			
United Aircraft	25½	24½	25			
Air Reduction	74½	76½	77½			
Allied Chemical	228	228	228			
Col. Carbon	127	127	127			
Conna. Solvents	16½	16	16			
Dupont	154	163½	162½			
Union Carbide	96½	97½	97			
U.S. Ind. Alcohol	33	34½	34½			
Allis Chalmers	56½	55½	55½			
General Electric	47½	47	47			
Westinghouse	141	140½	141½			
American Can.	124½	126	126			
Addressograph	25	25	25			
Caterpillar	72½	72½	73½			
Cent. Can.	71½	71½	72½			
Ingersoll Rand	126	132½	132½			
Int'l. Harvester	79½	79½	79½			
Johns. Manville	115	115½	116			
Am. Radiator	22½	22½	22½			
Corn Products	68½	68	68			
J. I. Case and Co.	157½	157½	158			
Glidden	42	43	42			
Gen. Am. Transp.	57	57	56½			
Allied Mills	27½	28½	28½			
Celanese of America	27	26½	27			
Ind. Rayon New	32½	32½	32½			
Colgate Palmolive	14½	14½	15			
Eastman Kodak	175½	175½	175½			
Gillette	20	20	21			
Kalvinator	20½	20½	21			
Lambert Co.	16½	18	18½			
Loews	59½	59½	59½			
20th Century Fox	30½	30	30½			
5. Retail Trade and Food						
Montgomery Ward	48	48½	49½			
J. C. Penney Co.	90½	91½	91½			
Sears Roebuck	85½	86	86			
United Drug	15½	15½	15½			
Walgreen	32½	32	32			
Woolworth	54½	55½	55½			
Borden	29½	29	29			
Gen. Foods	38½	39	39			
Kroger Grocery	20½	20½	20½			
Nat. Biscuit	32	32	31½			
Nat. Dairy	27½	26½	27			
Standard Brands	15½	15½	15½			
Am. Tobacco B.	102½	102½	101½			
Liggett Myers B.	106½	106½	106½			
Lorillard	22½	22½	22½			
Reynolds Tob. B.	56½	56½	57			
National Distillers	30	30	30			
Schenley Distillers	47½	46	46			
6. Finance						
Commercial Credit	78½	78½	79½			
Atlas Corp.	13½	13½	13½			
Com. Invest. Trust	80	81½	81½			

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

	1935	1936	Beginning of Year 1936	Aug. 26, 1936	Sept. 2, 1936	Sept. 9, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Sept. 9		
347 Industrials	74.5 (d)	112.3	112.7	131.1	126.4	129.2
32 Rails	27.4	43.0 (w)	42.8	55.9	41.5	52.6
40 Utilities	52.2	93.6	91.2	110.2 (b)	98.6	108.6
Total, 419 Stocks	68.1	97.7	97.7	115.2	97.7	113.6
Average yield*	3.02%	4.06%	4.06%	3.85%	3.22%	3.48%

* 50 Industrial Common Stocks. (d) March 19th. (b) Aug. 12th. (c) April 29th. (a) April 8th. (e) November 13th. (w) December 4th.

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

Highest*	Lowest†	Sept. 2	Sept. 3	Sept. 4	Sept. 5	Sept. 7	Sept. 8	Sept. 9
153.1	126.2	150.2	149.6	150.4	151.4	Closed (a)	153.1	151.9
* September 8th.		† January 6th.		(a) Labour Day				

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935				Prices, Year 1936 Jan. 1 to Sept. 9, inclusive				Name of Security	Price, Sept. 2, 1936	Price, Sept. 9, 1936	Rise or Fall	Yield Sept. 9, 1936	Prices, Year 1936 Jan. 1 to Sept. 9, inclusive				Name of Security	Price, Sept. 2, 1936	Price, Sept. 9, 1936	Rise or Fall	Yield Sept. 9, 1936
High-Low		High-Low		High-Low		High-Low															
est	est	est	est	est	est	est	est														
94 1/2	80	87 1/2	83 1/2	British Funds				84 1/2	85	+ 1/2	2 18 10	45 1/2	35 1/2	5(a)	5(b)	Bank of N. Zealand 1 1/2	35 1/2	35 1/2	0	4 12 0	
118 1/2	109 1/2	116 1/2	113 1/2	Consols 2 1/2%				115	115	0	3 0 0	45 1/2	35 1/2	6(a)	6(b)	Bank of England 1 1/2	38 1/2	38 1/2	+ 1	3 6 3	
103 1/2	97 1/2	102 1/2	100 1/2	Do. 4% Red. at par on or after Feb. 1957 (a)				101 1/2	101 1/2	0	3 0 0	45 1/2	35 1/2	7(a)	7(b)	Barclay B. (1)	79 1/2	79 1/2	0	3 10 0	
107 1/2	100 1/2	105 1/2	103 1/2	Converts. 2 1/2% 1944-49				104 1/2	104 1/2	0	2 11 0	45 1/2	35 1/2	8(a)	8(b)	Barcl. (Dom. & C.) A 1 1/2	46 1/2	47 1/2	+ 1/2	4 0 0	
112 1/2	100 1/2	108 1/2	104 1/2	Do. 3 1/2% 1948-53				107 1/2	107 1/2	0	3 1 6	45 1/2	35 1/2	9(a)	9(b)	Bk. of Australasia (100)	10 1/2	10 1/2	0	9 1/2	
114 1/2	108 1/2	111 1/2	108 1/2	Do. 3 1/2% after 1961 (a)				109 1/2	109 1/2	0	2 2 0	45 1/2	35 1/2	10(a)	10(b)	Bk. of Montreal (150)	40 1/2	40 1/2	0	9 1/2	
124 1/2	115 1/2	121 1/2	117 1/2	Do. 4 1/2% 1940-44				119 1/2	119 1/2	0	2 7 6	45 1/2	35 1/2	11(a)	11(b)	Bk. of N.S. Wales (200)	26	26	0	7 10 0	
106 1/2	98 1/2	104 1/2	102 1/2	Funding 2 1/2% 1956-61				93 1/2	92 1/2	- 1/2	2 18 3	45 1/2	35 1/2	12(a)	12(b)	Brit. Overseas A 1 1/2	80 1/2	80 1/2	0	4 11 0	
121 1/2	111 1/2	116 1/2	113 1/2	Funding 3 1/2% 1956-60				103 1/2	102 1/2	- 1/2	2 17 3	45 1/2	35 1/2	13(a)	13(b)	Can. Bk. of Aus. (100)	15 1/2	15 1/2	0	4 0 0	
119 1/2	110 1/2	117 1/2	114 1/2	Funding 4 1/2% 1960-90				118 1/2	118 1/2	0	2 17 0	45 1/2	35 1/2	14(a)	14(b)	Comd. Bk. of Aus. 10 1/2	15 1/2	15 1/2	0	4 0 0	
110 1/2	101 1/2	108 1/2	104 1/2	Victory Bonds 4%				115 1/2	115 1/2	0	3 2 7	45 1/2	35 1/2	15(a)	15(b)	Dist. of India (15)	90 1/2	90 1/2	0	3 14 0	
98 1/2	89 1/2	97 1/2	94 1/2	War Loan 3 1/2% after 1952 (b)				107 1/2	107 1/2	0	2 19 3	45 1/2	35 1/2	16(a)	16(b)	Dist. of India (15)	90 1/2	90 1/2	0	3 14 0	
104 1/2	94 1/2	103 1/2	101 1/2	Local Loans 3%				96 1/2	97	+ 1/2	3 1 10	45 1/2	35 1/2	17(a)	17(b)	Do. B 1 1/2% fully paid	56 1/2	56 1/2	0	3 11 0	
86 1/2	76 1/2	83 1/2	80 1/2	Austria 3 1/2% 1933-53				102 1/2	102 1/2	0	2 16 9	45 1/2	35 1/2	18(a)	18(b)	Eng. Scot. & Aust. 1 1/2	86 1/2	86 1/2	0	3 18 0	
85 1/2	76 1/2	83 1/2	80 1/2	India 2 1/2%				73 1/2	74	+ 1/2	3 7 7	45 1/2	35 1/2	19(a)	19(b)	Hambros 10 1/2% paid	11 1/2	11 1/2	0	3 7 4	
100 1/2	90 1/2	104 1/2	101 1/2	Do. 3 1/2%				87 1/2	87 1/2	0	3 8 4	45 1/2	35 1/2	20(a)	20(b)	Hong. & S. (12 1/2)	101 1/2	102 1/2	+ 1/2	3 16 6	
119 1/2	112 1/2	120 1/2	116 1/2	Do. 4 1/2% 1958-69				119 1/2	119 1/2	0	3 10 6	45 1/2	35 1/2	21(a)	21(b)	Lloyds 1 1/2% with 1 1/2% pd.	62 1/2	62 1/2	0	3 14 6	
108 1/2	98 1/2	107 1/2	105 1/2	U.K. & Arg. 4 1/2% (1947)				105	105	0	3 11 0	45 1/2	35 1/2	22(a)	22(b)	Martins 20 1/2% pd.	98 1/2	98 1/2	0	3 7 0	
113 1/2	106 1/2	112 1/2	109 1/2	Dom. & Colonial Govts.				111	111	0	3 12 6	45 1/2	35 1/2	23(a)	23(b)	Midland 1 1/2% fully pd.	94 1/2	95 1/2	+ 1/2	3 10 0	
108 1/2	100 1/2	106 1/2	102 1/2	Australia 5 1/2% 1945-75				105 1/2	105	0	2 13 4	45 1/2	35 1/2	24(a)	24(b)	Nat. of Egypt 1 1/2%	41 1/2	42 1/2	+ 1	3 17 0	
119 1/2	112 1/2	120 1/2	117 1/2	Canada 4 1/2% 1940-60				115 1/2	118	+ 3	3 6 0	45 1/2	35 1/2	25(a)	25(b)	Nat. of India 1 1/2%	15 1/2	15 1/2	0	3 9 0	
121 1/2	113 1/2	120 1/2	117 1/2	Gold Coast 4 1/2% 1956				115	118	+ 3	3 6 0	45 1/2	35 1/2	26(a)	26(b)	Royal Bk. of Scotland	49 1/2	49 1/2	0	3 17 6	
115 1/2	107 1/2	114 1/2	110 1/2	Nigeria 5 1/2% 1950-60				118	118	0	3 7 6	45 1/2	35 1/2	27(a)	27(b)	St. of S. Afr. 1 1/2%	15 1/2	15 1/2	0	3 15 6	
110 1/2	103 1/2	109 1/2	106 1/2	N. Zealand 5 1/2% 1946				111	111	0	3 7 6	45 1/2	35 1/2	28(a)	28(b)	Westminster 1 1/2%	95 1/2	95 1/2	0	3 15 6	
118 1/2	113 1/2	117 1/2	114 1/2	Queensland 5 1/2% 1940-60				107 1/2	107	0	3 7 6	45 1/2	35 1/2	29(a)	29(b)	Discount Cos.	92 1/2	92 1/2	0	4 2 3	
101 1/2	92 1/2	103 1/2	99 1/2	S. Africa 5 1/2% 1945-75				115 1/2	116	+ 1/2	3 0 0	45 1/2	35 1/2	30(a)	30(b)	National A 1 1/2% pd.	61 1/2	61 1/2	0	4 0 0	
101 1/2	92 1/2	103 1/2	99 1/2	Foreign Governments				101	101	0	3 19 0	45 1/2	35 1/2	31(a)	31(b)	Union 1 1/2% of stock	55 1/2	56 1/2	- 1/2	3 10 0	
101 1/2	92 1/2	103 1/2	99 1/2	Argentina 4 1/2% Resc. 1952				98	98	0	3 19 0	45 1/2	35 1/2	32(a)	32(b)	Alliance 1 1/2% pd.	32 1/2	32 1/2	0	2 15 3	
101 1/2	92 1/2	103 1/2	99 1/2	Austria 7 1/2% 1957				96	98	+ 2	7 5 8	45 1/2	35 1/2	33(a)	33(b)	Atlas 5 1/2% pd.	15 1/2	15 1/2	0	2 10 0	
101 1/2	92 1/2	103 1/2	99 1/2	Do. 4 1/2% 1934-59				88	89	+ 1	5 8 0	45 1/2	35 1/2	34(a)	34(b)	Com. Un. 1 1/2% pd.	11 1/2	11 1/2	0	3 0 0	
112 1/2	106 1/2	111 1/2	107 1/2	B. Aires (Prov.) 3 1/2%				67	67	0	5 8 0	45 1/2	35 1/2	35(a)	35(b)	Gen. Accident 5 1/2% pd.	27	27	0	2 19 0	
20 1/2	14 1/2	20 1/2	16 1/2	Belgian 7 1/2% red. by 1956				108	108	0	6 8 6	45 1/2	35 1/2	36(a)	36(b)	Lon. & Lanc. 1 1/2% pd.	36 1/2	36 1/2	0	2 13 0	
84 1/2	77 1/2	82 1/2	79 1/2	Bulgaria 7 1/2% Loan				16 1/2	16 1/2	0	15 10 0	45 1/2	35 1/2	37(a)	37(b)	N. Brit. & Mer. 1 1/2% pd.	14 1/2	14 1/2	0	2 12 6	
23 1/2	13 1/2	23 1/2	16 1/2	Brazil 5 1/2% Fund. 1914				17	17	0	1 7 3	45 1/2	35 1/2	38(a)	38(b)	Northern 1 1/2% pd.	22 1/2	22 1/2	0	2 3 6	
91 1/2	81 1/2	84 1/2	80 1/2	Chili 6 1/2% (1929)				83	82	- 1	6 2 0	45 1/2	35 1/2	39(a)	39(b)	Pearl 1 1/2% pd.	23	23	0	3 10 0	
100 1/2	94 1/2	98 1/2	95 1/2	China 5 1/2% (1912)				92 1/2	93	+ 1/2	7 6 0	45 1/2	35 1/2	40(a)	40(b)	Phoenix 1 1/2% pd.	16 1/2	16 1/2	0	2 8 1/2	
113 1/2	99 1/2	112 1/2	95 1/2	Do. 5 1/2% (1913)				101 1/2	104 1/2	+ 3 1/2	7 16 0	45 1/2	35 1/2	41(a)	41(b)	Prudential 1 1/2%	38 1/2	37 1/2	- 1/2	3 11 0	
103 1/2	96 1/2	100 1/2	97 1/2	Czechoslovakia 8 1/2%				110	110	0	2 14 9	45 1/2	35 1/2	42(a)	42(b)	Do. 1 1/2% with 1 1/2% pd.	112 1/2	112 1/2	0	3 12 0	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	43(a)	43(b)	Royal Exchange (1)	11 1/2	11 1/2	0	2 12 0	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	44(a)	44(b)	Royal 1 1/2% pd.	10 1/2	10 1/2	0	3 8 1/2	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	45(a)	45(b)	Sea Insur. 1 1/2% pd.	4 1/2	4 1/2	0	3 17 0	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	46(a)	46(b)	Sun Life Assur. 1 1/2% pd.	8 1/2	8 1/2	0	3 18 3	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	47(a)	47(b)	Yorkshire 1 1/2% pd.	20	20	0	2 7 6	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	48(a)	48(b)	Investment Trusts	270	270	0	3 14 0	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	49(a)	49(b)	Anglo-American Deb.	67 1/2	67 1/2	0	3 14 0	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	50(a)	50(b)	Anglo-Celtic Ord.	67 1/2	67 1/2	0	3 14 0	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	51(a)	51(b)	Atlas Electric, etc. 1 1/2	6 1/2	6 1/2	0	3 10 0	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	52(a)	52(b)	Brit. Assets Trust 5 1/2	15 1/2	15 1/2	0	3 10 0	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	53(a)	53(b)	Debutante Corp. Stk.	246 1/2	246 1/2	0	4 0 0	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	54(a)	54(b)	For. Amer. etc., Def.	78 1/2	78 1/2	0	3 16 6	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	55(a)	55(b)	Guardian Investment	144 1/2	144 1/2	0	3 16 6	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3	10 3 3	45 1/2	35 1/2	56(a)	56(b)	Indus. and Gen. Ord.	268	268	0	3 18 0	
103 1/2	96 1/2	100 1/2	97 1/2	Danish 3 1/2%				59	56	+ 3</											

(Continued from page 487)

CONVERSIONS AND REPAYMENTS

Cape of Good Hope 4 per cent. Stock, 1916-1936.—This stock will be repaid on October 15, 1936.

OFFERS ABROAD

Canadian Loan.—Canada has issued a £20,000,000 internal loan in 1 per cent. 4½-year notes at 98½ and 3 per cent. perpetual bonds at 96½, mostly for refunding.

United States Loan.—The United States Treasury is offering nearly 1,000,000,000 of twenty-year bonds at 2½ per cent. interest. The issue is to finance the maturity on September 15th of \$514,066,000 of 1½ per cent. Treasury Notes and to raise \$400,000,000 to finance the Home Owners' Loan Corporation and to provide interest on the public debt.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Sept. 2, 1936	Price, Sept. 9, 1936
Great Northern Stores (1/-)	2/-	2/-	...	1/10½-2/11
Groves (John) Ord.	20/-	20/-	24/9-25/3	27/6-28/-
" Do. 5% Pref.	20/-	20/-	21/6-22/-	22/-22/6
Kenya 3%	100	5	...	1 pm
McCarthy Roadway Ord. £1	...	...	44/8-44/9	46/8-47/3
Sydney C.C. 4%	90	59	1/-2/-	2 1/2-2 1/4 pm
Tarran Industries 2½	...	...	2/4-2/10½	2/3-2/9
Vesper Ord. 5/-	...	...	...	5/4½-5/10½

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended Sept. 6, 1936 (£'000)						Aggregate Gross Receipts 1936 compared with 1935 (96 weeks) (£'000)					
(b) Week ended Sept. 4, 1936, (c) Week ended Sept. 5, 1936.	Miles Open	Passen- ger, &c.	Merch- andise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merch- andise, &c.	Coal and Coke	Total Goods	Total Receipts		
Great Western	1936 3,746 1935 3,748	261 245	199 186	98 94	297 280	558 525	7,729 7,656	6,735 6,452	3,581 3,513	10,316 9,965	18,045 17,621		
(c) L. & N.	1936 6,332 1935 6,336	349 394	282 221	546 497	946 846	11,714 11,472	11,893 11,102	11,472 8,293	17,847 19,785	31,628 30,581	31,628 30,581		
L. M. & Scottish	1936 6,917 1935 6,925	593 554	493 468	229 232	722 722	1,315 1,315	18,305 18,005	16,878 16,878	8,558 8,558	25,436 25,436	43,741 43,741		
Southern	1936 2,134 1935 2,171	383 359	65 55	29 22	94 77	477 436	11,311 11,183	2,221 2,195	1,108 1,050	3,329 3,245	14,640 14,428		
Total	1936 19,149 1935 19,181	1631 1507	1079 995	580 559	1659 1554	3,290 3,061	49,238 48,563	37,306 35,599	21,510 20,544	58,816 56,143	108,050 104,705		
(b) Belfast & Co. Down	1936 80 1935 80	4-1 3-3	...	...	0-5 0-5	4-6 4-7	97-2 96-3	...	...	19-6 17-9	116-8 114-2		
(b) Great Northern	1936 548 1935 543	17-2 15-6	...	...	9-5 9-7	26-7 25-3	389-9 378-0	...	...	332-3 323-4	722-2 699-4		
(b) Great Southern	1936 2,076 1935 2,124	52-6 52-4	...	...	44-3 39-9	36-9 32-3	1,294-0 1,273-4	...	...	1,422-2 1,319-3	2,716-2 2,592-7		

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935 (000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1935, compared with second half-year, 1934:				
Gross increase or decrease	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year, 1935:				
Gross increase or decrease	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935:				
Gross increase or decrease	+ 161	+ 731	+ 510	+ 127
Weekly average second half 1936 compared with second half-year, 1935:				
Gross increase or decrease	+ 16½	+ 73½	+ 51	+ 12½
Latest week 1936 compared with 1935:				
Gross increase or decrease	+ 33	+ 61	+ 94	+ 41

LONDON TRANSPORT

	Week ending September 5, 1936	Aggregate 10 weeks to September 5, 1936
Takings (before pooling)	£557,200	+ 25,000
Aggregate 10 weeks to September 5, 1936	£5,533,900	+ 168,900

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1936	+ or -
				1936	+ or -
INDIAN					
Assam Bengal	21	Aug. 20	1,330	Rs. 14,57,300	+ 69,570
Barsi Lt. Ry.	19	10	292	Rs. 36,800	+ 100
Bengal & N.Western	21	20	1,112	Rs. 18,43,501	+ 1,19,139
Bengal-Nagpur	21	20	3,268	Rs. 19,14,000	+ 17,318
Bombay, Bar. & C.I.	22	31	3,072	Rs. 25,80,000	+ 2,60,000
Madras & S. Mah.	21	20	3,229	Rs. 17,47,000	+ 23,884
Rohilk'd & Kumaon	21	20	546	Rs. 11,38,896	+ 20,726
South Indian	19	10	2,532	Rs. 12,89,047	+ 94,463

† 10 days.

† 11 days.

CANADIAN

Canadian National	35	1936 Aug. 31	23,615	\$ 15,655,363	+ 705,638	\$ 116,491,348	+ 7,262,290
Canadian Pacific	35	1936 Aug. 31	17,237	\$ 4,611,000	+ 743,000	\$ 85,631,000	+ 7,036,000

† 10 days.

SOUTH AMERICAN

Antofagasta (Chili and Bolivia)	36	1936 Sept. 6	834	\$ 16,560	+ 4,450	\$ 485,840	+ 45,800
Argentine N.E.	10	5	753	\$ 181,000	+ 29,800	\$ 1,537,200	+ 141,800
B.A. and Pacific	10	5	2,806	\$ 10,641	+ 1,763	\$ 90,068	+ 8,700
B.A. Central	8	Aug. 22	...	\$ 126,400	+ 52,000	\$ 12,189,300	+ 5,040
B.A. Gt. Southern	10	5	5,084	\$ 128,600	+ 11,400	\$ 990,800	+ 6,900
B.A. Western	10	5	1,930	\$ 119,000	+ 136,000	\$ 18,087,000	+ 1,756,000
Central Argentine	10	5	3,700	\$ 112,816	+ 7,853	\$ 1,059,728	+ 92,000
Central Uruguay	10	5	1,930	\$ 167,000	+ 76,000	\$ 6,542,000	+ 20,044
C. Ur. (East Ext.)	9	Aug. 29	273	\$ 145,397	+ 39,167	\$ 1,286,074	+ 16,353
C. Ur. (N. Ext.)	9	29	185	\$ 10,014	+ 2,946	\$ 89,960	+ 2,958
C. Ur. (W. Ext.)	9	29	211	\$ 11,595	+ 220	\$ 119,500	+ 2,989
Cordoba Central	10	5	1,218	\$ 11,091	+ 75	\$ 8,398	+ 482,000
Entre Rios	10	5	810	\$ 635,000	+ 51,000	\$ 6,210,000	+ 27,340
G. Westn. of Brazil	36	5	1,082	\$ 37,330	+ 3,040	\$ 363,850	+ 57,300
Leopoldina	36	5	1,918	\$ 239,400	+ 21,800	\$ 2,025,100	+ 3,989
Leopoldina-Terminal	36	5	1,918	\$ 14,074	+ 1,287	\$ 119,500	+ 1,100
Nitrate	8	Aug. 31	397	\$ 212,000	+ 37,000	\$ 58,051,000	+ 7,020,000
Paraguay Central	10	5	274	\$ 24,657	+ 5,297	\$ 665,614	+ 1,387,000
Salvador	10	5	100	\$ 5,900	+ 1,100	\$ 12,018,000	+ 15,013
San Paulo	35	Aug. 30	1534	\$ 22,008	+ 5,516	\$ 86,121	+ 4,006,000
United of Havana	10	5	1,353	\$ 2,874,000	+ 487,000	\$ 25,462,000	+ 11,512

* Converted at average official rate during week ended Sept. 5-17-01 pesos to the £.
† Months.
‡ Receipts in Argentine pesos.
§ Converted at official rate.
¶ Converted at "controlled free" rate.
f Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta Light Railways	19	1936 Aug. 20	621	\$ 5,867	+ £ 104	\$ 82,106	+ £ 684
Egyptian Markets	35	Sept. 3	...	\$ 1,393	+ 12	\$ 58,087	+ 724,859
Gr.Southn. of Spain	34	Aug. 29	104	\$ 14,208	+ 62,843	\$ 840,732	+ 3,800
Mexican Railway	34	Aug. 31	483	\$ 338,400	+ 43,700	\$ 2,199,300	+ 5,900

† 10 days.

SUEZ CANAL RECEIPTS

Suez Canal	35	1936 Aug. 31	...	\$ 120,870,000	+ 513,000	\$ 563,840,000	+ 186,000
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† 11 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine	35	1936 Sept. 2	328	\$ 826,610	+ 24,011	\$ 21,974,405	+ 69,835
B. Aires Lacroze	8	Aug. 23	...	\$ 59,886	+ 5,167	\$ 465,521	+ 32,862
Burnley, Colne and Nelson Jt. Trst.	1	Sept. 5	76	\$ 5,558	+ 296	\$...	+ 1,19,110
Calcutta Tramways	36	Aug. 26	...	\$ 1,18,278	+ 2,302	\$ 123,621	+ 2,779
Isle of Thanet Elec.	34	Aug. 26	...	\$ 6,132	+ 6	\$ 648,422	+ 1,068
Liverpool Corp.	22	Sept. 2	...	\$ 29,900	+ 717	\$ 698,422	+ 60,011
Madras Electric	8	Aug. 31	...	\$ 51,241	+ 1,382	\$ 7,92,959	+ 13,202

† Months.

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1936	+ or -
				1936	+ or -
Bolivar	8	Aug. 31	Gross	\$ 4,900	+ 700
La Guaira & Caracas	8	Aug. 31	Gross	\$ 4,945	+ 1,090
La Plata Elec. Trams	1	Aug. 31	Gross	\$ 49,108	+ 388
Mexican Light	7	July 31	Gross	\$ 483,506	+ 180,606
Mid. of W. Australia	1	July 31	Gross	\$ 28,712	+ 155,129
Peruvian Corporation	2	Aug. 31	Gross	\$ 10,214	+ 794
Samana and Santiago	2	Aug. 31	Gross	\$ 87,240	+ 12,558
Shanghai Electric	8	Aug. 31	Gross	\$ 640	+ 56
Singapore Traction	11	Aug. 31	Gross	\$ 366,944	+ 40,885

AMERICAN RAILROADS

Company	Month of July, 1936	Compared with July, 1935	7 Months 1936	Compared with 7 Mon- ths 1935
	\$		\$	\$
Baltimore and Ohio	Gross 14,535,536	+ 3,764,130	94,001,562	+ 14,249,194
	Net 2,513,625	+ 1,255,156	14,627,880	+ 2,172,558
Great Northern	Gross 9,040,000	+ 1,982,000	45,927,000	+ 6,778,000
	Net 2,711,000	+ 940,000	9,520,000	+ 1,961,000
New York Central...	Gross 29,416,616	+ 5,599,978	201,032,622	+ 26,732,575
	Net 4,255,844	+ 2,490,497	23,944,396	+ 34,396,000
Pennsylvania Railrd.	Gross 37,748,000	+ 8,240,000	242,716,000	+ 4,640,000
	Net 7,907,000	+ 2,858,000	43,088,000	+ 17,771,000
Southern Pacific ...	Gross 17,149,000	+ 3,168,000	107,386,000	+ 4,150,000
	Net 2,375,000	+ 983,000	12,180,000	+ 1,687,188
Union Pacific	Gross 18,830,645	+ 3,392,829	79,511,740	+ 2,241,987
	Net 2,196,398	+ 1,497,550	7,161,255	+ 2,241,987

† Net operating income.

COMPANY MEETINGS, &c.

EASTWOODS, LIMITED

RECORD OUTPUT AND SALES

The sixteenth ordinary general meeting of Eastwoods, Limited, was held, on the 8th instant, at River Plate House, London. Mr Horace Boot, M.Inst.C.E., M.I.Mech.E., M.I.E.E. (chairman and managing director), in the course of his speech, said:—The past year's trading was the largest in the history of the company, although there has been a slight contraction in the net trading profits.

Other investments at cost total £171,039, compared with £182,260 last year. Cash and Government securities taken together amount to £135,224. The assets side of the balance sheet totals £897,857, a figure nearly double the amount of the issued capital.

Investment reserve has been further increased to £29,829. The company is in an exceptional position by reason of the fact that as at the date of the account our quoted investments show appreciation amounting to more than £100,000 over the price at which we purchased them. We are again recommending the appropriation of £22,500 to general reserve account, bringing the total to the substantial figure of £195,000, equivalent to nearly 44 per cent. of the issued capital. No less than £135,000 of the assets is available in the form of cash, while external investments and cash in hand totalling £306,000 exceed the amount of the Ordinary share capital.

Trading profits from all sources amounted to £101,663. The net profit of £83,085 enables us to repeat all the appropriations precisely as last year, to maintain the dividend at 15 per cent. and slightly to increase the carry-forward.

Our output and sales during 1935 exceeded all previous figures and we are confidently looking towards similar satisfactory results in 1936.

Current estimates and returns indicate that this steady progress is being maintained, and your directors have every confidence in the prospects for the future prosperity of the company, coupled with satisfactory returns to the shareholders.

In conclusion, the Chairman announced that the turnover of the company during the five months of the current year exceeded the figures of the corresponding period in the previous year by 10 per cent.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS
The total ordinary revenue for the week ended September 5, 1936, amounted to £10,359,000, against ordinary expenditure of £21,855,000. After allowing for a decrease in Exchequer Balances of £334,577, the operations for the week, as shown below, increased the gross National Debt by £13,070,000 to approximately £7,877* millions.†

(000's omitted)	
Treasury Bills	+ 5,905
Public Department Advances	+ 7,280
Land Sett. (Fac.) Acts	+ 17
National Savings Certificates	- 50
Road Fund	- 82
	- 132
	+ 13,202

* Figure corrected for £120,557,771 Bonds, &c., tendered for Death Duties, in year ended March 31, 1936.
† Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

FOR BANKING

IN FINLAND

KANSALLIS - OSAKE - PANKKI

ESTABLISHED 1889

Head Office: HELSINGFORS

OUR NETWORK OF BRANCHES

BY FAR THE LARGEST IN

FINLAND, COMPRISING

189 BRANCHES

ENSURES PROMPT AND EFFICIENT

EXECUTION OF YOUR

COLLECTIONS

The average rate per cent. was 10s. 9.49d. The amount allotted was £46,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	76,280,000	30,000,000	0 18 11.5
July 6, 1934	35,000,000	62,745,000	32,000,000	0 16 4.14
January 4, 1935	30,000,000	49,580,000	27,500,000	0 6 1.64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4.32
January 3, 1936	35,000,000	68,075,000	35,000,000	0 10 10.72
April 3, 1936	40,000,000	76,280,000	40,000,000	0 10 2.78
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
August 28, 1936	45,000,000	73,960,000	45,000,000	0 10 7.31
September 4, 1936	50,000,000	80,235,000	46,000,000	0 10 9.49

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended August 22, 1936	577,809	433,357
Week ended August 29, 1936	532,054	399,041
February, 1916, to August 29, 1936	1,269,156,274	998,305,044

At the end of July, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,704,207.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, September 9, 1936

ISSUE DEPARTMENT

Notes Issued :-	£	Government Debt	£
In Circulation	445,591,159	Other Government Securities	247,631,068
In Banking Department	60,933,170	Other Securities	957,262
		Silver Coin	386,570
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	248,524,329
	506,524,329		506,524,329

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Rest	14,558,000	Other Securities	83,503,337
Public Deposits*	3,686,195	Advances and Securities	£10,549,206
Other Deposits :-	20,360,390	Notes	30,674,754
Bankers	£99,827,990	Gold and Silver Coin	60,933,170
Other Accounts	£37,768,310		1,094,624
	137,596,300		
	176,205,885		176,205,885

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

Both Departments	Amount, Sept. 9, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	445,591,159	- 192,756	+ 45,334,877
Public deposits	20,360,390	+ 2,307,249	+ 4,324,680
Bankers' deposits	99,827,990	- 1,239,332	+ 8,797,876
Other deposits	37,768,310	- 993,646	- 74,456
Total outside liabilities	603,547,849	- 118,485	+ 58,376,977
Capital and rest	18,249,195	+ 2,097	- 7,976
Government debt and securities	342,149,505	- 917,337	- 3,459
Discounts and advances	10,549,206	- 72,141	- 1,869,628
Other securities	21,082,810	- 248,118	+ 7,993,456
Silver coin in issue department	396,570	- 112	- 1,143,225
Coin and bullion (bank's reserves)	247,618,953	+ 1,121,320	+ 53,391,857
Reserves of notes and coin in banking department	62,027,794	+ 1,314,076	+ 8,056,980
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	39.3%	+ 0.8%	+ 2.1%
(b) Gold stocks to deposits and notes ("reserve ratio")	41.0%	+ 0.2%	+ 5.4%

OFFER TO NEW READERS

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached :
To Publisher, "Economist Newspaper Ltd.,"

8 Boulevard Street, E.C.4.

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

Name.....

Address.....

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936							
Aug. 19	503,789	444,540	23,562	95,966	39,358	825 in	2 1/2
28	504,755	443,409	17,230	100,911	37,840	966 in	2 1/2
Sept. 2	505,405	445,784	18,053	101,067	38,762	650 in	2 1/2
9	506,524	445,591	20,360	99,828	37,768	1,119 in	2 1/2

(000's omitted)

Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis- counts & Advances	Other Securities	Reserve and the "Proportion"
1936							
Aug. 19	256,999	2,515	244,862	40%	86,408	9,677	21,282
28	256,863	2,632	245,844	41%	84,758	9,202	17,814
Sept. 2	257,358	2,245	246,498	40%	85,708	10,621	19,086
9	258,646	957	247,619	40%	83,503	10,549	20,126

BANKERS' CLEARING RETURNS LONDON (000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to August 26	21,805,019	1,330,019	2,285,814	25,420,852
Week ended September 2	727,576	33,576	57,521	818,673
Week ended September 9	609,343	36,312	76,105	721,760
Total to date, 1936	23,141,938	1,399,907	2,419,440	26,961,285
Total to date, 1935	22,631,550	1,312,621	2,230,442	26,174,613
Increase or decrease in 1936	+ 510,388	+ 87,286	+ 188,998	+ 786,672
	= 2.3%	= 6.7%	= 8.5%	= 3.0%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5.5%	= 7.2%	= 8.1%	= 5.8%

PROVINCIAL (000's omitted)

(000's omitted).

	Week ended September 5		Month of August			Aggregate Totals January 1 to September 5	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days :			26	25			
BIRMINGHAM	2,712	3,180	9,207	9,584	+ 4.0	84,959	92,069
BRADFORD	910	1,023	3,422	3,662	+ 7.0	31,158	34,143
BRISTOL	1,277	1,370	4,914	4,952	+ 0.7	41,994	44,764
DUBLIN	5,509	5,102				189,021	199,688
HULL	718	859	3,218	3,293	+ 2.3	25,971	28,919
LEEDS	1,007	828	3,594	3,471	- 3.4	32,448	32,735
LEICESTER	849	745	2,505	2,638	+ 5.3	23,340	25,638
LIVERPOOL	1,478	6,471	24,791	24,411	- 1.5	204,405	24,454
MANCHESTER	10,148	11,337	37,798	41,284	+ 9.2	345,344	364,905
NEWCASTLE	1,405	1,987	5,075	5,524	+ 8.9	46,287	46,287
NOTTINGHAM	582	583	2,011	1,967	- 2.1	16,890	17,981
SHEFFIELD	1,166	1,461	3,715	4,556	+ 17.2	30,190	35,532
	31,242	35,136	100,250	105,142	+ 4.8	1,073,524	1,127,058

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the *Economist* for November 9. Turkey, in July 25. Spain in August 15. Bulgaria in August 22. Danzig, Egypt and Estonia in August 29. Argentina, Australia, Greece, India, Portugal, South Africa, Latvia and Sweden in September 5.

BANK FOR INTERNATIONAL SETTLEMENTS

(In Millions of Swiss Francs)

	Aug. 31, 1935	May 31, 1936	June 30, 1936	July 31, 1936	Aug. 31, 1936
Assets					
Gold in bars	24.4	32.3	37.3	29.9	35.9
Cash	3.1	7.8	8.6	13.1	16.4
Sight funds	15.6	15.3	16.9	21.9	19.1
Bills and acceptances :-					
Commercial bills	132.4	154.2	151.9	121.5	112.3
Treasury bills	209.2	176.4	180.9	203.0	217.6
Time funds :-					
Not exceeding 3 months	42.4	34.0	40.0	38.7	43.6
Sundry bills and investments	218.9	227.9	217.7	219.5	225.6
Other assets	10.6	8.4	8.2	8.0	7.9
LIABILITIES					
Capital paid up	125.0	125.0	125.0	125.0	125.0
Reserves	125.0	125.0	125.0	125.0	125.0
Special deposits :-					
Annuity trust account	20.9	22.1	22.1	22.1	22.1
German Government deposit fund	154.4	154.9	154.1	154.5	154.8
French Government guarantee fund	77.2	77.5	77.0	77.3	77.4
French Government deposit	61.9	61.9	61.9	61.9	61.9
Time deposits of Central Banks :-					
Not exceeding 3 months :-					
For their own account	104.5	113.6	117.5	117.1	128.5
For account of others	3.0	3.0	...	...	...
Sight deposits of Central Banks :-					
For their own account	30.4	24.1	22.5	25.6	28.6
For account of others	10.7	5.4	10.6	6.0	6.1
Sight deposits :- gold	3.6	0.5	0.9	0.7	0.9
Miscellaneous items	18.8	24.1	25.5	24.0	28.4
Profits for distribution on July 1	42.3	34.2	35.0	37.1	38.8
	...	8.0	8.0	...	...

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

	Sept. 12, 1935	Aug. 20, 1936	Aug. 27, 1936	Sept. 3, 1936	Sept. 10, 1936
U.S.F.R. BANKS					
RESOURCES					
Gold Certificates on hand and due from the Treasury	6,536,040	8,255,040	8,274,030	8,334,030	8,372,030
Total reserves	6,775,200	8,550,540	8,571,040	8,615,540	8,632,240
Total cash reserves	217,950	282,430	282,940	268,880	248,070
Total bills discounted	11,180	6,480	7,240	8,600	8,030
Total bills on open market	4,680	3,090	3,090	3,090	3,100
Total bills on hand	15,860	9,570	10,330	11,690	11,130
Industrial advances	29,550	29,660	29,550	28,520	28,630
Total U.S. Govt. securities	2,430,210	2,430,230	2,430,230	2,430,230	2,430,230
Total U.S. Govt. securities	2,475,620	2,468,640	2,469,280	2,470,630	2,469,980
Total bills and securities	9,873,130	11,722,490	11,685,610	11,748,490	11,777,170
Total resources					
LIABILITIES					
Federal Reserve notes in actual circulation	3,422,830	3,988,050	3,993,660	4,020,920	4,055,970
Aggregate of excess member-bank reserves over requirements	2,820,000	1,810,000	1,890,000	1,960,000	2,000,000
Deposits—Member-bank—reserve account	5,388,285	6,228,520	6,331,500	6,440,620	6,471,330
Government deposits	27,340	215,420	143,420	107,240	54,680
Total deposits	5,601,830	6,785,500	6,811,360	6,827,410	6,796,820
Capital paid in and surplus	302,100	302,760	302,760	302,760	302,760
Total liabilities	9,873,130	11,722,490	11,685,610	11,748,490	11,777,170
Ratio of total reserves to deposit and F.R. note liabilities combined	75.1%	79.4%	79.3%	79.4%	79.5%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	9,219,000	10,678,000	10,695,000	10,717,000	10,738,000
Treasury and National Bank Currency	2,391,000	2,499,000	2,501,000	2,502,000	2,508,000
LIABILITIES					
Money in Circulation	5,638,000	6,184,000	6,184,000	6,225,000	6,276,000
Treasury Cash and Deposit with Federal Reserve Banks	2,629,000	2,625,000	2,553,000	2,482,000	2,420,000

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

	Sept. 12, 1935	Aug. 20, 1936	Aug. 27, 1936	Sept. 3, 1936	Sept. 10, 1936
Total gold reserves	193,500	3,218,490	3,308,520	3,339,420	3,256,840
Total bills discounted	2,764,500	3,218,490	3,218,490	3,218,490	3,218,490
Total bills on open market	1,800	1,100	1,100	1,100	1,100
Total U.S. Govt. securities	744,320	660,560	660,560	660,560	660,560
Total bills and securities	760,120	673,270	673,270	673,270	673,270
Deposits—Member-bank—reserve account	2,589,450	2,733,680	2,844,250	2,893,720	2,822,810
Ratio of total res. to dep. and Federal Res. note liabilities combined	80.0%	84.4%	84.5%	84.6%	84.5%

FEDERAL RESERVE REPORTING MEMBER BANKS†

	Aug. 28, 1935	July 29, 1936	Aug. 5, 1936	Aug. 12, 1936	Aug. 19, 1936	Aug. 26, 1936
Loans	7,817	8,294	8,316	8,352	8,369	8,425
Investments	12,022	14,084	14,029	13,972	13,887	13,839
Reserve with Federal Reserve Bank	4,354	4,859	4,786	4,855	4,884	4,976
Due from banks	2,143	2,443	2,443	2,408	2,288	2,276
Demand deposits	13,263	14,850	14,681	14,752	14,794	14,911
Time deposits	4,970	5,015	5,015	5,021	5,014	5,028
Government deposits	557	923	822	821	820	820
Due to banks	5,079	6,380	6,418	6,372	6,161	6,138

† Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

(000's omitted)

* Includes £1,991,000 first class securities maturing within six months.

† In accordance with Art. 53 of the Statutes.

	Aug. 15, 1935	June 30, 1936	July 15, 1936	July 31, 1936	Aug. 15, 1936	Aug. 31, 1936
ASSETS						
Gold	36,814	58,961	60,129	61,619	61,631	63,706
Silver and other coins	3,448	5,052	5,087	5,154	5,068	5,227
Foreign currency	5,150	9,888	8,723	7,920	8,442	7,505
Discounts	82,642	66,757	64,984	65,981	64,745	80,092
Advances	11,698	12,260	12,035	11,960	18,829	13,111
LIABILITIES						
Bank notes in circulation	93,133	105,866	104,031	104,698	103,445	107,013
Current accounts	19,485	33,196	36,976	34,114	30,833	37,842
Deposits	21,660	14,867	13,470	9,218	11,908	12,305

January 22-23 1921 82d. 1922 22-23 1923 22-23 1924 22-23
 (a) T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 day
 Pence per unit of local currency. (b) Par 80 cents, dollar devaluation
 February 1, 1924. (c) Par, 197-100, since dollar devaluation on February 17, 1924
 (d) Prior to devaluation on April 2, 1925. (e) Official Rate. (f) Per cent. disc.
 latest "export" rate. (g) Official rate is 44d. sellers. (h) Official
 \$100 sellers. (i) Average remittance rate for importers. (j) Rate for
 to the Bank of England; (k) For account Controller of Anglo-Italian debts; (l) Under
 Anglo-Spanish Agreement; (m) under Anglo-Turkish Agreement. (n) Sellers.
 from April 2, 1925. (o) Sellers.

London—							
60 days	Dollars for £1	Old par	4-8666	5-0187	5-0187	5-04	
Cable		New par	4-9412	5-0312	5-03	5-038	
Cheques		8-2397	4-9412	5-03	5-0343	5-08	
Paris	Cents for 1 franc	6-63	6-5912	6-583	6-58	6-58	
Brussels	Cents for 1 belga	23-54	16-87	16-87	16-85	16-85	
"	Cents for 1 franc	32-67	32-54	32-60	32-60	32-54	
Italy	Cents for 1 lira	8-91	8-1550	7-87	7-87	7-87	
Berlin	Cents for 1 mark	40-33	40-25	40-22	40-23	40-23	
Vienne	Cts. for Austrn. shg.	23-82	18-91	18-86	18-87	18-87	
Madrid	Cents for 1 peseta	32-67	13-68	...	...	...	
Amsterdam	Cents for 1 guilder	68-06	67-60	67-90	67-92	67-78	
Copenhagen	"	"	22-08	22-46	22-475	22-58	
Oslo	"	"	24-83	25-28	25-30	25-41	
Stockholm	"	"	25-485	25-94	25-96	26-08	
Athens	Cents for 1 drachma	1-29	0-94	0-94	0-94	0-94	
Montreal	Cents for Can. \$1	169-31	99	100	99	100	
Yokohama	Cents for 1 yen	84-40	29-08	29-46	29-46	29-60	
Shanghai	Cents for 1 dollar	...	37-50	30-25	30-25	30-25	
Calcutta	Cents for 1 rupee	61-80	37-37	38-03	38-06	38-71	
Buenos Aires	Cents for 1 peso	1-06	32-93	33-53	33-56	33-71	
			2-82	8-87	8-47	8-52	

(Into and from United Kingdom)

* At current market value. † Coin which is of legal tender in the United Kingdom entered at face value and shown in *italics*. Other coin is entered at current market value.

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British India	£	£	British India	£	£
Germany	1,387	236	Sweden	84,255	...
Belgium	11,900	...	Norway	2,000	...
France	...	108	Denmark	1,099	...
Manchuria	13,725	87,500	Germany	4,203	...
Japan	50,329	...	France	9,500	...
Other countries ...	220	150	Austria	3,317	...
		36	U.S.A.	2,285	...
			Other countries...	1,785	...
				74,880	...
				975	135
Totals	77,561	886	Totals	184,299	135
		87,644			

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

ARRIVALS			WITHDRAWALS		
1936	£	Sept. 4	1936	£	Sept. 4
Sept. 4	Nil	Nil	Sept. 4	Nil	Nil
" 5	145,000	Nil	" 5	Nil	Nil
" 7 Bar Gold	428,146	Nil	" 7	Nil	Nil
" 8 Bar Gold	179,171	Nil	" 8	Nil	Nil
" 9 Bar Gold	108,008	Nil	" 9	Nil	Nil
" 10 Bar Gold	...	Nil	" 10	Nil	Nil
Total	880,323	Nil	Total	Nil	Nil

Movement Sept. 4, 1936, to Sept. 10, 1936 (inclusive) £860,323 in
 Movement during year 1935 £7,745,822 in
 Movement during 1936 (January 1 to Sept. 10, 1936, inclusive) £46,581,231 in
 Movement April 29, 1925, to Sept. 10, 1936 (inclusive) £87,538,428 in
 Movement September 21, 1931 (gold standard suspended) to Sept. 10, 1936 (inclusive) £109,943,880 in

GOLD MARKET

Messrs Samuel Montagu and Company write on September 9, 1936:—
 The Bank of England gold reserve against notes amounted to £245,405,334 on the 2nd instant, as compared with £244,755,170 on the previous Wednesday. Purchases of bar gold as announced by the Bank during the week amounted to £1,118,995. In the open market about £1,500,000 of bar gold was disposed of at the daily fixing. There was a general demand and some special buying was also in evidence yesterday, prices being maintained at a premium over gold exchange parities. The French franc developed weakness and this influenced the dollar/sterling exchange; with the sharp depreciation of these gold currencies in terms of sterling, the price of gold in the London market moved sharply downward, to-day's quotation of 137s. 5½d. being the lowest recorded since July 4, 1934. There has been a large movement of gold from France to this country, presumably for a special account, the figures below showing a further influx of over £9,500,000.

Gold shipments from Bombay last week amounted to about £349,000. The s.s. "Kaiser-i-Hind" has £240,000 consigned to London and the s.s. "President Wilson" £109,000 consigned to New York.

SILVER MARKET

The market has continued to show a quietly steady tone and during the past week prices varied only between 19½d. and 19¾d. American demand was restricted, possibly owing to the depreciation of the dollar in terms of sterling, but there was some inquiry from this quarter at the lower price, at which, however, offerings were scarce.

The Indian Bazaars and speculators have both bought and sold and moderate sales have been made on China account. There is no indication of any wide movement from the present level of prices.

Quotations for gold and silver are shown below:—

1936	Price of Gold per Fine Ounce	Equivalent Value of £ sterling	Price of Bar Silver in London per ounce standard		Price of Silver New York per ounce .999 fine
			Cash	Two Months	
Sept. 3	s. d.	s. d.	d.	d.	Sept. 2
" 4	138 2½	12 3-52	19½	19½	" 3 45
" 5	138 0½	12 3-70	19½	19½	" 4 45
" 6	138 1½	12 3-61	19½	19½	" 5 45
" 7	138 1½	12 3-61	19½	19½	" 5 45
" 8	137 10½	12 3-88	19½	19½	" 6 45
" 9	137 5½	12 4-3	19½	19½	" 7 45
Average	137 11-67	12 3-77	19 594	19 594	
Sept. 10	137 7½	12 4-2	19½	19½	

The highest rate of exchange on New York recorded during the period from the 3rd instant to the 9th instant was \$5.06½ and the lowest \$5.03½.

OIL OUTPUTS

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended September 5, 1936, was: Bolivar district, 759,373 barrels; Maracaibo district, 25,544 barrels; total, 784,917 barrels.

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—A cablegram has been received from Burma reporting the production of crude oil by this company for the month of August as 41,338 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended September 5th: Venezuela, 16,787 barrels; Trinidad, 26,581 barrels; total, 43,368 barrels. Production for August: Venezuela, 78,822 barrels; Trinidad, 108,826 barrels; total, 185,648 barrels. Deliveries for August: Venezuela, 77,553 barrels; Trinidad, 119,684 barrels; total, 197,237 barrels.

THE ATTOCK OIL COMPANY, LTD.—Production for August, 7,079 barrels. TRINIDAD LEASEHOLDS, LTD.—Oil produced during August, 45,694 tons; oil purchased during August from other companies, 69,906 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended August 29, 1936, was 479,000 barrels.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation			Corresponding Period Last Year	
					Dividend		Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit
					Prefce.	Ordinary			
					Amount	Amount	Rate		Dividend
Breweries		£	£	£	£	£	%	£	%
Kay's Atlas Brewery	June 30	39,873	14,714	54,587	3,044	9,609	10	2,000	12,888
Financial Land, etc.									
Grosvenor House (P.k. Lane)	June 30	36,418	73,649	110,067	30,000	25,000	5	14,621	40,446
New London Properties	June 24	751	23,636	24,387	...	...	...	4,000	18,223
Hotels and Restaurants									
United Caterers	June 27	1,883	4,012	5,895	3,431	...	...	2,464	4,664
Iron, Coal and Steel									
Hawthorn (R. & W.), Leslie	June 30	14,951	25,648	40,599	...	21,496	6	19,103	23,194
Rubber									
Abaco (Selangor)	Mar. 31	2,032	1,753	3,785	...	1,498	5	...	2,130
Brooklands Selangor	June 30	14,124	13,551	27,675	...	13,125	7½	2,287	8,908
Java Produce	Mar. 31	Dr. 8,971	Dr. 2,566	Dr. 11,537	...	...	...	14,550	2,639
Kalidjeroek	Mar. 31	1,019	Dr. 602	417	800	...	...	Dr. 11,537	9,667
United Rubber and Coffee	Mar. 31	762	4,334	5,096	...	3,076	4	...	5,028
Textiles									
Calico Printers' Assn.	June 30	39,827	Dr. 47,248	Dr. 7,421	...	...	...	Dr. 50,000	42,969
Trusts									
Second Alliance Trust	July 31	12,531	96,929	109,460	24,478	48,956	18	25,000	11,026
Tor Investment Trust	July 31	...	14,111	14,111	7,022	3,809	5	3,280	13,481
Other Companies									
Gestetner (D.), Ltd.	Aug. 31	19,689	171,182	190,871	18,375	100,406	35(c)	52,359	156,055
Lawes Chemical Co.	June 30	2,679	10,263	12,942	2,687	6,298	5	1,809	2,148
North Central Wagon	June 30	6,093	43,966	50,059	12,492	22,415	15	8,000	42,037
Walker (James), Goldsmith	June 30	13,288	7,491	20,779	...	...	...	20,779	7,517

(c) Also bonus of one new ordinary share for each eight ordinary shares held.

COMPANY NEWS

REPORTS AND NOTICES

BANKS

MIDLAND BANK, LTD. (Death of Secretary).—We regret to announce the death, on September 6th, of Mr F. O. Free, secretary of the Midland Bank, Ltd. Mr Free was born on April 11, 1872, and joined the staff of the Midland Bank at New Street, Birmingham, in May, 1893. In 1902 he became private secretary to the late Sir Edward Holden, and was appointed secretary of the bank in 1916.

MINES

COMMONWEALTH MINING AND FINANCE COMPANY.—Official confirmation is available for the option deal referred to in the *Economist*, September 5th, page 455. The Commonwealth Company in a circular confirming the facts states that: "In the opinion of the board, market conditions did not justify the flotation of three new companies, which would call for a guaranteed cash capital of not less than £450,000 as set out in the option agreements and stated in the prospectus of the company. In these circumstances the transaction effected was one which the board consider most satisfactory and advantageous to the company."

SIMMER AND JACK MINES, LTD.—We are officially informed that the ground movement which took place on September 8th has caused only minor dislocation of underground work and that no serious casualties have resulted.

LENA GOLDFIELDS.—At an Extraordinary General Meeting the shareholders passed a resolution confirming the Directors' acceptance of a tender of £188,000 for £875,900 U.S.S.R. Non-interest bearing Notes. (Further details of the Directors' scheme appeared in the *Economist* of September 5, 1936, on page 455.)

MISCELLANEOUS

MORRIS MOTORS, LTD.—Mr L. P. Lord has resigned the managing directorship of the Morris group of motor-car companies. Mr Oliver Boden has been appointed managing director in succession to Mr Lord. Mr Boden has been associated with Lord Nuffield since he bought the Wolseley factory nine years ago. Since 1932 he has directed the Morris Commercial Car Company.

THE BENGAL IRON COMPANY, LTD.—A scheme for amalgamation with the Indian Iron & Steel Co., Ltd., has now been approved by the two boards, and the annual general meeting has been postponed to obtain directions of the Court for holding the necessary shareholders' meetings to consider the scheme. The ordinary annual general meeting and the special meetings are anticipated during the first half of November. The results of both companies for the year to March 31, 1936, show marked improvement. A new company is to be formed to operate a steelworks with an initial production of over 250,000 tons of ingots. This will be situated alongside the Indian Iron & Steel Company's blast furnaces at Hirapur and will be financed by the Tata Iron & Steel, Burn & Co., Indian Iron & Steel, Bird & Co., and Haes & Sons.

CABLE AND WIRELESS, LTD.—Traffic index for July, 70.3, unchanged compared with June, 1936; July, 1935, 68.7. For particulars of index since 1930 and method of construction, see *Economist*, July 25, 1936, page 203.

EDMUNDSONS ELECTRICITY CORPORATION, LTD.—The results of the operations of the Edmundson group of companies during the month of August, 1936, as compared with the corresponding month of 1935, show an increase of 13 per cent. of units sold.

GROSVENOR HOUSE (PARK LANE), LTD.—Trading profit for year to June 30, 1936, amounted to £119,940, against £107,274 for year to June 30, 1935. The ordinary dividend is maintained at 5 per cent. The carry forward is increased from £36,418 to £40,445. Meeting, Grosvenor House, Park Lane, W.1, September 14th, at 11.30 a.m. The Directors announce that Mr A. H. Jones has been appointed General Manager of the Company but will continue to hold the office as Secretary.

LENNARDS, LTD. (Meetings Adjourned).—The meetings of the various classes of shareholders in Lennards, Ltd., and Lennards Real Property, held September 8th, in Bristol, were adjourned until September 17th, in order to give the Property Company an opportunity of adding an amendment or modification to the scheme for the reorganisation of share capital.

CALICO PRINTERS' ASSOCIATION.—We dealt with the preliminary figures of this Association in the *Economist* of August 22nd, page 359. The full report for year to June 30, 1936, shows a balance, after providing £379,335 (against £375,125) for maintenance, depreciation, etc., of £91,318, compared with £181,294. Debenture interest takes £128,000 and directors' fees £10,800, leaving a net loss of £47,247, against a profit of £42,969, which makes the carry-forward slightly higher at £42,579. No dividends are being paid on either the preference or the ordinary stocks, the last payment on the latter being 5 per cent. for 1928-29. Meeting, Manchester, September 16th, at 11 a.m.

GUINNESS (ARTHUR), SON AND COMPANY.—On September 9th, this company issued the following: "With reference to rumours on the Stock Exchange, as stated by the chairman at the annual general meeting on August 8th, everything is satisfactory at Park Royal. Nothing has occurred since then to modify that statement."

BRITISH MOSS LITTER CAPITAL SCHEME.—The directors propose to reduce the capital from £200,000 to £120,833. This will be effected partly by returning 2s. 6d. on each of the 90,000 6 per cent. curvilinear preference shares of £1 and reducing the 10,000 unissued shares to 17s. 6d. each. The 90,000 issued £1 ordinary shares will be cut to 6s. 8d. each and the 10,000 unissued shares will also be reduced to 6s. 8d. Meetings will be held at 2-3 Norfolk Street, W.C.2, on October 2nd.

INTERNATIONAL AUTOMATIC TELEPHONE COMPANY, LTD.—An extraordinary general meeting will be held at Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2, on October 1, 1936, at 10.30 a.m. to consider changing the name of the company to Automatic Telephone and Electric Company, Ltd.



DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	* Interim † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
RAILWAYS					
Barsi Light Railway.....	24%†	...	3%†	4½	5
Chesapeake and Ohio (Com.)	70 c. ps*	Oct. 1	Same	...	...
BANKS					
Anglo-Palestine Bk. Ord. and "A"	43%*	Oct. 6	Nil*	...	...
Electrobank of Zurich.....	3%*	Oct. 1	Same	5	5
Guaranty Trust of New York	6%*	...	Same	...	...
Mercantile Bank of India	7½- ps*	Nov. 2	Same	...	...
INSURANCE					
General Accident Assurance	...	...	...	5	2½
TEA AND RUBBER					
Abaco (Selangor) Rubber	...	...	...	4	4
Banteng (Selangor) Rubber	...	...	...	10	7½
Kamuning Rubber and Tin	...	...	...	5	2½
Maturata Tea and Rubber	5%*	Oct. 7	7½%*	...	...
Rim (Malacca) Rubber	24%*	Oct. 7	3%*	...	...
Do. do.	...	...	...	4	4
Seaport (Selangor) Rubber.....	5%*	Sept. 18	Same	8	4
Scottish Ceylon Tea	...	Sept. 17	...	4	4
Sittang Valley Rubber	...	...	...	...	...
United Rubber and Coffee	...	...	...	...	...
MINING					
Anaconda Copper (\$50)	25 c. ps.*	Oct. 19	...	...	...
Ashanti Goldfields	22½%*	Oct. 2	Same	...	...
Ayer Hilan Tin	5%*	...	Same	...	...
Chenderiang Tin	6%†	...	5%†	11	7½
General Mining and Finance.....	2½- ps.*	Oct. 29	1/6 ps*	...	...
Hong Kong Tin	15%*	...	5%*	...	...
Idris Hydraulic Tin	5%*	...	2½%*	...	...
Kepong Dredging	24%*	...	5%*	...	...
Killinghall Tin	10%*	...	2½%*	...	...
Kinta Tin	7½%*	Sept. 19	5%*	...	...
Lahat Mines	5%*	Sept. 25	2½%*	...	...
Pari Tin	2½%*	Sept. 29	Same	...	...
Southern Tronoh Tin	12½%*	...	5%*	...	...
Sungei Besi Tin	10%*	Sept. 30	5%*	...	...
Tronoh Mines	...	...	...	...	...
OTHER COMPANIES					
Alexand. Duckham and Company	5%*	Sept. 15	4%*	...	...
Anglo-American Asphalt	10%*	Sept. 18	...	7½	8½
Anglo-Siam Corporation	5%†	...	Same	60s	...
Atkinson-Oates Motors	2½- ps.	...	...	15	15
Barnsley Brewery	12½%*	...	Same	...	...
Beechams Pills	3%*	Oct. 16	24%*	...	...
Bolsover Colliery	6%*	Sept. 30	Same	...	...
Boots Pure Drug	2%*	Oct. 1	Same	...	...
British Power and Light	\$1.75ps	Sept. 30	...	...	...
Canadian Celanese 7% Pref.	40 c. ps	Sept. 30	...	1	Nil
Do. Com.	...	...	...	...	...
Capital and National Trust	\$1.75	Oct. 1	...	...	...
Celanese of America 7% Pref.	6½%*	Oct. 15	Same	6	6
City Offices	3½%†	...	Same	9	18
Clarendon Property	...	...	...	7½	8
Cohen Weenen and Company	4%†	...	...	...	...
Do. 7% Ptg. Pref.	3%*	Oct. 1	Same	20	15
Conway Stewart and Company	3%*	Sept. 17	...	...	...
Dalluaine-Talisker Distilleries	3 c. ps.	Oct. 1	2 cents p.s.	...	...
Ecuadorian Corporation	3½%*	Sept. 26	Same	...	...
Electric Supply Corporation	10 c. ps*	Oct. 1	Nil*	35c	35c
Equitable Office Building.....	20%†	...	Same	...	...
Gestetner (D.)	3%*	...	Same	...	...
Grant (James) and Company	9d. ps.*	...	Same	...	...
Greengate and Irwell Rubber	...	...	...	5	5
Grosvenor House (Park Lane)	...	...	...	6	5
Hawthorne (R. & W.), Leslie	24%*	Nov. 2	Same	25d	50d
Imperial Chemical Industries	41½%*	...	33½%*	10	10
Initial Services	...	...	...	...	...
Kay's Atlas Brewery	21%*	...	Same	...	...
Liverpool Exchange	...	...	...	...	...
Majestic Theatre	5%*	Sept. 30	Same	...	...
Medina and Neale	3%*	Oct. 1	Same	...	...
Natal Land and Colonisation.....	30 c. ps*	Oct. 1	Same	...	...
National Dairy Products	3%*	Oct. 1	Same	...	...
National Star Brick, etc.	15 c. ps*	Oct. 15	Same	...	...
National United Laundries	110%*	Sept. 21	First	...	...
Oils Elevator (Com.)	3½%*	Oct. 10	...	...	...
Pressed Steel Company	2½%*	...	Same	...	...
Radiation	6%*	Oct. 1	Same	...	...
Scottish Power	2%*	Oct. 1	Same	...	...
Second Scottish American Trust	2%*	Oct. 1	Same	...	...
South London Dwellings	24%*	Oct. 15	Same	...	...
Thom (Alexander) and Company	2½%*	Sept. 17	Same	5	3½
Tor Investment Trust	...	...	...	...	...
United Glass Bottle	15%*	Oct. 1	Same	...	...
Wales (Birmingham)	4%*	Sept. 30	Same	...	...
West Riding Automobile	10	...	...	...	...
Willowbrook (Loughborough)	5%*	Sept. 30	...	...	...
Woodhead's Canonbury Brewery	...	...	...	...	...

BRITISH ROPES, LTD.—British Ropes paid a half-year's dividend on 6 per cent. cumulative preference shares on July 1st in respect of the period from January 1 to June 30, 1936. The directors have declared an interim dividend on 7 per cent. preferred ordinary shares for the same period payable on October 1st. The board announces that the progress made by the company has been more than maintained. The dividend on the ordinary share capital when the accounts for the completed year are available.

FOREIGN GOVERNMENT BOND TRUST.—Municipal and General Securities Company announces the fifth income distribution by the Foreign Government Bond Trust of £4d. per bond-unit, tax free, payable October 1st Lloyds Bank Limited, 72 Lombard Street, E.C. The distribution covers a period of six months to September 4, 1936.

IMPERIAL CHEMICAL INDUSTRIES, LTD.—The directors have declared an interim dividend of 2½ per cent. actual on £43,764,759 ordinary stock, resulting from conversion into stock of former ordinary shares, payable (less income tax at 4s. 5½d. in £, being United Kingdom income tax at 4s. 9d. in £, less Dominion income tax relief at 3½d. in £) on November 2, 1936, to stockholders on register on September 12, 1936. Contingent upon the House of Lords upholding the decision of the Supreme Court which confirmed the reduction of the capital, they have declared an interim dividend of 2½ per

cent. actual (less income tax at the appropriate standard rate reduced by Dominion income tax relief at 3½d. in the £) on the £5,434,141 ordinary stock, resulting from conversion and consolidation of the former 21,736,584 deferred shares of 10s. each, payable to stockholders on Register on a date to be fixed by resolution of the board.

UNIVERSAL FIXED TRUST.—National Provincial Bank announces that the fourth half-yearly income distribution on Universal Fixed Trust certificates will be paid to holders registered on September 1st, at the rate of 5.9283d. net per sub-unit, on October 1st. For the previous half-year the payment was 5.0178d. net per sub-unit.

ANGLO-SIAM CORPORATION (timber and general merchants).—Final 5 per cent. on ordinary, less tax (same), making 7½ per cent. (against 8½ per cent.) for year to March 31, 1936. Meeting September 29th.

ENGLISH AND CALEDONIAN INVESTMENT COMPANY, LTD.—Dividend for half-year ending September 30th on 5 per cent. preference stock and also an interim dividend of 1½ per cent. actual on ordinary stock, both dividends payable on October 1, 1936. This company last paid an interim dividend on the ordinary stock in respect of the year ended March 31, 1931, but ordinary dividends have been paid ever since the formation of the company.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE general tendency of quotations for primary products was firm during the past week, and there were a number of important developments which caused a stir on the commodity markets.

An event of some importance was the publication, by the United States Government, of a revised forecast of the probable yield of the cotton crop this year. The estimate of the crop, discussed in a Note of the Week, was considerably lower than expected; consequently quotations were marked up sharply. Another significant event was the decision of the companies adhering to the international copper regulation scheme to increase output from 75 per cent. to 80 per cent. of nominal capacity from October 1st. It will be remembered that quotas, which had been fixed at 70 per cent. of nominal capacity when restriction came into operation in March, 1935, had been raised to 75 per cent. from August 1st. The gradual relaxation of restriction indicates that copper producers are not anxious to use the expanding demand for the metal as a lever to push up prices unduly. Quotations reacted slightly on the decision, but as demand remains brisk, a lasting fall of prices is not expected.

The downward movement of cereal prices, which followed upon the sharp rise of quotations during July, was arrested this week, when wheat prices took a sharp upward turn. In contrast, the improvement on the tea market was not maintained, and raw sugar prices remained depressed. Quotations for cocoa, however, were maintained at the higher level to which they had risen this year. Among provisions, eggs were dearer, beef and mutton a little cheaper, while quotations for New Zealand and Australian butter were marked down sharply.

Demand for non-ferrous metals continued active at rising prices for lead, spelter and tin. The market in vegetable oils was firmer, but business in rubber was not very active, and prices were barely maintained. The tendency of prices at the wool auctions in Australia was steady.

In the United States, too, commodity markets showed a firmer tone this week, and grains, cocoa, cotton, copper and tin all registered price gains. These rises are reflected in Monday's daily index of the price of staple commodities (December 31, 1931=100) which advanced from 183.8 to 185.4 in the week ended last Wednesday, against 183.6 a month earlier and 168.3 on the same day last year.

COAL

SHEFFIELD.—Home demand for industrial coal continues steady and some pits shortened the Doncaster race-week holiday owing to pressure for supplies of manufacturing fuel. There is an exceptionally heavy demand for furnace coke as a sequel to the lighting of additional furnaces, and prices are very strong. Graded coke is also in better request. Gas coke is almost unobtainable. The household market shows no improvement, demand being confined to limited quantities. Conditions are quiet on the export market, supplies being ample to meet all current requirements.

NEWCASTLE-ON-TYNE.—Shipments from the Tyne last week showed an increase of 55,719 tons compared with last year, the aggregate being 266,908 tons. Increasing home trade and a good bunker demand account for the improvement. Northumberland steam collieries are working at full capacity under a brisk home and Scandinavian trade, and it is not easy to obtain these steam coals for several months ahead. Durham gas coal is quiet, but coking coal and bunkers are a steady market. Patent oven coke is offered a little more freely for prompt shipment, but there is no change in prices.

GLASGOW.—The market remains firm in tone. Home trade is keeping up well, and new contract business in nuts is being arranged at prices 2s. 6d. to 3s. 6d. per ton above those ruling a year ago. Export trade continues to be hampered by the stringency of supplies in certain cases and by the rise of prices, but the Baltic markets are operating a little more freely at the moment. The Danish State Railways have invited tenders for approximately 100,000 tons of locomotive qualities for delivery between

the end of this month and March. Navigation sorts remain a strong feature, but steam classes are now a little more plentiful. Nuts are strong in all districts.

CARDIFF.—During the week-end assurances were given by Sir Samuel Instone concerning the settlement of the inter trade union dispute at the Bedwas colliery which enabled the South Wales Miners' Federation to withdraw the notices for a general stoppage which expired on Saturday. Except at the Fernhill colliery, where some sixty miners are preventing work by a "stay-in" strike over a local minimum wage dispute, collieries have continued operations. The question of balloting the workmen at the Bedwas colliery over the issue between the Federation and the Miners' Industrial Union is at present under the consideration of a joint committee sitting in London with an independent chairman appointed by the Mines Department, and it is hoped that this procedure will eventually lead to a settlement.

The trade position is unaltered. To some extent business has been unfavourably affected by the threat of a general stoppage, but it is not known that any important orders have been diverted, and confidence is expressed that the Egyptian State Railways will renew their quarterly contract for South Wales coals. Except for small and sized coals, which are quoted at scarcity prices, quotations are at the scheduled minimum basis. Minimum prices as well as the higher prices of small and graded classes are rigidly enforced by the new Control Board. Coke is very main and scarce, and quotations for pitwood and patent fuel are well maintained. Among the inquiries on the market, in addition to the Egyptian State Railways for 170,000 tons, are one from the Danish State Railways for 100,000 tons and another from the Trinidad Railways for 6,000 tons. Shipments at the South Wales ports last week totalled 334,500 tons, compared with 361,300 tons the previous week, and 354,588 tons in the corresponding week last year.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that great activity in all sections of the iron and steel industry is assured well into next year. With the completion of the holiday season the demand for most materials is increasing and there are indications that autumn requirements will be heavy.

In the pig iron department consumers appear anxious to build up stocks in case market conditions become stringent later in the year. But producers, being faced with the rising tendency of the cost of ore and fuel are reluctant to enter into far-dated commitments; though contracts which are completed are generally renewed for delivery over the first part of next year.

There has been no lull in activity in the semi-finished steel department and all works are operating at capacity. Although consumers generally have well bought ahead, they have shown an inclination to place further contracts in anticipation of an increased demand for their products. Specifications against contracts are being pressed upon the works, and the latter are finding it difficult to meet their customers' requirements.

In the finished steel section of the market signs of the beginning of the autumn expansion in trade are already apparent. Practically all the steelworks are producing at capacity. Most of them are in arrears with deliveries and the periods required for the fulfilment of orders are lengthening. Export business has shown some improvement and the volume of inquiry from overseas markets has been active.

MIDDLESBROUGH.—All departments of the iron and steel works in operation in this area continue very active. Demand for all classes of material shows signs of increasing and further blast-furnaces are being prepared to be put into operation shortly. Producers of Cleveland pig iron are so heavily contracted that output is readily taken up by home consumers, and, as there are practically no stocks, actual transactions are very few. Fixed minimum prices are based on No. 3 Cleveland foundry pig iron at 75s. per ton, delivered Middlesbrough. Makers of East Coast hematite are also well sold ahead to the end of this year, the price being based on No. 1 grade at 85s. 6d. per ton, delivered locally, less the 5s. per ton rebate. Shipments of pig iron from the Tees during the first eight days of September amounted to 1,496 tons, compared with 2,118 tons during the same period in August. Parcels have been exported to Belgium (180 tons) and Denmark (750 tons), whilst shipments of foundry iron to Scotland have been on a lower scale.

In the steelworks re-rollers are requesting larger supplies of semi-finished material; all classes of finished steel are heavily specified for constructional work, shipbuilding, railway and other requirements. Whilst business in heavy melting steel scrap is quiet, merchants are inclined to quote higher prices, although consumers maintain that they can still secure their requirements at 57s. 6d. per ton, delivered works. Good Durham blast-furnace coke is obtainable at 24s. 6d. per ton delivered at the furnaces, but makers are not inclined to press sales owing to the expected increase of demand. Arrivals of foreign ore into the Tees during the first eight days of September amounted to 55,140 tons, against 51,932 tons during the same period of August. These deliveries are in fulfilment of contracts, but new business is extremely difficult owing to the higher freights.

SHEFFIELD.—The iron market remains steady and fairly active. Demand for foundry iron exceeds that for forge, but in neither class o

material is there any great surplus. Deliveries for consumption are keeping up with output, so that there is little iron available for putting into stock, either at furnaces or works. Producers are not accepting all the forward business offered, and are not inclined to go beyond the first quarter of next year. Contracts accepted are made subject to any official change in prices. Last week, the Producers' Association decided that there should be no immediate alteration in quotations. Business is good in both East and West Coast hematite. Production of the former is being expanded. In finished iron there is a good market, but crown bars are still in only moderate request.

The steel market is very active, and there is every indication that this state of affairs will continue, at least until the end of the year. Demand for acid and basic billets continues strong, and in the case of the latter it is not easy to meet all requirements. Wire rods, strip, and stainless steel sheets are important features. Prices generally are unchanged. Local industry is working at a high level. The open-hearth furnaces are operating at full capacity, and forges and rolling mills are fully employed.

GLASGOW.—Activity in the West of Scotland is maintained at the highest level, and steel masters are finding it increasingly difficult to meet all the demands made upon them. Although working to capacity, makers of semis are finding output quite inadequate for the requirements of consumers who are rapidly absorbing available supplies. Large tonnages of steel are now being taken up by the Clyde shipbuilders and by local structural engineers. Sheet makers are again busier and have a large number of mills in operation. Bookings are considerable and include a fair tonnage for overseas markets. In the manufacturing trades the position is highly satisfactory, practically all branches having sufficient work on hand to ensure regular employment of plant and men for some months to come. It was announced this week that the Fairfield Shipbuilding and Engineering Company, Ltd., of Glasgow, have received a contract from the London Midland and Scottish Railway Company for two paddle steamers, and that work on these will be commenced almost immediately.

CARDIFF.—The heavier branches of the iron and steel trade in South Wales continue exceptionally active. There is a national shortage of steel bars, and the main handicap of the South Wales steel smelters is the shortage of scrap. In the tinplate industry the works are employed at 62 per cent. of allotted capacity, but the outlook is so promising that it is anticipated that the quota may be increased to 65 per cent. during the next few weeks. Prices are unaltered and are ruling at 18s. 9d. per basis box for tinplates, and from £11 15s. to £12 12s. 6d. for galvanised sheets, and £6 per ton for sheet and tinplate bars. At Swansea last week shipments totalled 97,979 boxes, compared with 60,132 boxes the previous week, and 53,466 boxes in the corresponding week last year; while stocks at 66,950 boxes compare with 92,065 boxes and 61,391 boxes respectively.

OTHER METALS

COPPER.—The market continued to display a strong tone until Tuesday when prices reached a new high level at £38 17s. 6d. per ton. On Wednesday, however, it was announced that the co-operating producers had decided to raise production quotas by a further 5 per cent. to 80 per cent. of the standard tonnages, and prices consequently reacted. Supplies will be increased by some 40,000 tons annually in consequence of this decision. The setback in prices on Wednesday morning was, however, almost entirely recovered in the afternoon and Wednesday's closing quotation was only 8s. 9d. below Tuesday's level. Although this week's decision is evidence that the producers are not anxious to see prices go much higher than at present, a further improvement on the London market is commonly anticipated. In the United States also the market has registered an improvement, and on Tuesday the New York export quotation rose to 9.77½ cents per lb., against a domestic price of 9.75 cents. This is the first time since early in 1934 that the export price has been higher than the domestic quotation.

Sales on the London Metal Exchange: 1,800 tons on Monday, against 975 tons last week; 1,900 tons on Tuesday, against 1,050 tons last week; 2,200 tons on Wednesday, against 750 tons last week. Domestic spot was quoted at 9.55 cents per lb. in New York on Wednesday, against 9.47½ cents a week ago and 9.40 cents a month ago. Wednesday's official closing price for standard cash in London was £38 8s. 9d. to £38 10s., compared with £38 10s. to £38 12s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 50,341 tons, show a decrease of 1,044 tons, while stocks of rough copper, at 1,994 tons, are unchanged on the week.

LEAD AND SPELTER.—Both markets have been active. For the first time since last autumn lead prices passed the £18 mark, while spelter rose to £14 per ton on Wednesday. The strength of lead is, of course, mainly due to its excellent statistical position, which has frequently been discussed in these columns. An additional cause for this week's buoyancy was a report that an international lead conference will be held in London towards the middle of this month. Spelter derived support from industrial buying and from the United States statistics for August, which made a good showing. Deliveries in that country rose by over 4,000 tons to 46,085 tons, while stocks fell by 2,471 tons to 86,194 tons. One other factor which may have had a bullish influence is worth mentioning. Owing to the increase in wages, Belgian zinc smelters have recently been faced with rising costs of production; it is suggested that this tendency may make the Belgians more interested in proposals for a new international Cartel.

Sales of lead on the London Metal Exchange: 2,300 tons on Monday, against 850 tons last week; 3,000 tons on Tuesday, against 1,150 tons last week; 1,500 tons on Wednesday, against 400 tons last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £17 18s. 9d. per ton, compared with £17 2s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 500 tons on Monday against 250 tons last week; 750 tons on Tuesday, against 450 tons last week; 1,500 tons on Wednesday, against 950 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.80 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 per ton, against £13 8s. 9d. last week.

TIN.—Prices scored a recovery and closed on Wednesday at £194 10s. per ton, a rise of £6 10s. on the week. The sole reason was the hope of an early settlement with Siam. Mr van den Broek, the Dutch delegate on the International Tin Committee is again in Bangkok, engaged in discussions with the Siamese Government. He is expected to reach London by air in time for the meeting of the International Committee on September 23rd. Although the prolongation of the scheme now seems likely, the recent rise in prices seems to have been overdone; for the continuance of the scheme would not by any means imply that prices will again attain the levels reached before the Siamese problem became serious. Standard tonnages

will be higher, and there is also a tendency towards a more liberal restriction policy. A too-rapid price advance in the near future would, therefore, probably be followed by a reaction.

Sales of tin on the London Metal Exchange: 675 tons on Monday, against 500 tons last week; 375 tons on Tuesday, against 245 tons last week; 455 tons on Wednesday, against 260 tons last week. The New York quotation on Wednesday was 59½ cents per lb., against 42.87½ cents a week ago and 41.37½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £194 to £194 10s. per ton, compared with £187 10s. to £187 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 745 tons, an increase of 53 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 17s. to £12 17s. 6d. per flask of 76 lbs., against £12 17s. to £12 17s. 6d. a week earlier. Chinese antimony was quoted at £53 to £54 per ton ex warehouse, as against £53 10s. to £54 10s. per ton last week. Chinese wolfram for "September-October" shipment was quoted at 29s. 6d. to 30s. 6d. per unit c.i.f., against 30s. to 30s. 6d. a week ago. Refined platinum was steady at £14 per ounce.

TEXTILES

COTTON.—Manchester.—The event of the week has been the distinctly bullish crop report of the United States Government. There has been some confusion amongst buyers and producers of yarn and piece goods, and an unsettled feeling has prevailed. Operators expected an estimate of production of about 11,900,000 bales, against 12,481,000 bales a month ago, and scarcely anyone anticipated such a low figure as 11,121,000 bales. It is quite evident that the deterioration of the plants under the influence of the drought in the Western section of the belt has been greater than realised.

Inquiry in cloth for foreign outlets has improved. Sales of any weight for India have been few and far between, but more orders have been secured in light whites and fancies, chiefly for Karachi, Madras and Bombay. Special makes have moved off fairly well for Java and Hong Kong. Increased activity has shown itself for the outlets of South America. Some encouraging contracts have been arranged for the Dominions in a variety of cloths. There has been buying by the Government in heavy materials, and home trade houses have placed a few more orders with manufacturers.

Buying in the yarn market has been irregular. In American qualities rather more business has been done in coarse and medium counts. During the last day or two inquiry in Egyptian descriptions has improved, there being freer operations in medium numbers.

COTTON PRICES

	1936				Corresponding Date	
	Aug. 19	Aug. 26	Sept. 2	Sept. 9	1934	1935
Raw Cotton—Mid. American..... per lb.	d. 6.75	d. 6.72	d. 6.73	d. 7.02	d. 7.15	d. 6.22
Sakellaridis Fully Good Fair..... per lb.	d. 10.75	d. 10.33	d. 10.39	d. 10.62	d. 8.51	d. 8.15
Egyptian..... per lb.	d. 10.75	d. 10.33	d. 10.39	d. 10.62	d. 8.51	d. 8.15
Yarns—32's twist..... per lb.	d. 10.75	d. 10.33	d. 10.39	d. 10.62	d. 8.51	d. 8.15
" 40's twist..... per lb.	d. 10.75	d. 10.33	d. 10.39	d. 10.62	d. 8.51	d. 8.15
" 60's twist (Egyptian)..... per lb.	d. 10.75	d. 10.33	d. 10.39	d. 10.62	d. 8.51	d. 8.15
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	s. d. 18 0	s. d. 17 10	s. d. 17 10	s. d. 18 1	s. d. 19 6	s. d. 17 1
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	25 11 25 0	25 0 25 0	25 3 25 3	24 6 24 1	24 6 24 1	24 1
38-in. ditto, 38 yds., 18 by 18, 10's.....	10 3 10 2	10 2 10 2	10 2 10 2	10 3 10 3	11 3 11 3	10 2
39-in. ditto, 37½ yds. 16 by 16, 8½ lb.....	9 3 9 2	9 2 9 2	9 2 9 2	10 1 10 1	9 1 9 1	1

JUTE.—Dundee.—The final forecast of the jute crop for the current season indicates a yield of 8,710,800 bales. The acreage given in July as 2,505,800 acres has now been revised to 2,545,600 acres, compared with last year's revised acreage of 2,180,400 acres. Last season's crop yielded 8,150,000 bales and world consumption amounted to 9,806,000 bales. Owing to the increased production of jute goods in India, consequent upon the extension of working hours to 54 per week by the mills in the Jute Mills Association, world consumption during the current season is expected to reach approximately 11,000,000 bales. If the figures of the forecast are anywhere near correct, the quantity will be considerably below consumption, but during the past few seasons the actual yield of the crops has exceeded the forecast by well over one million bales. Stocks of jute in the hands of the Indian Mills at the beginning of this season on July 1st were 4,000,000 bales; in addition, 1,750,000 bales were then held in consuming centres outside India.

No change has taken place in the position of the mills' dispute in India. A meeting is to be held between the Associated Mills and the "outside" mills at the request of the latter, and hopes are entertained that an agreement concerning working hours may be concluded. Meantime prices for Calcutta goods vary slightly around recent levels.

Raw jute prices have fluctuated a little. The full group of Daisee-1 is quoted at £16 16s. 3d. and single marks at £17 to £17 10s. per ton, with Daisee-4 at from £15 13s. 9d., October/November. Tossa-1 quoted at £17 16s. 3d. and fours at £16 15s., same shipment. Good First Marks are more or less nominal at £20, good Lightnings have been sold this week at £18 12s. 6d. and Hearts at £17 12s. 6d., September/October.

Jute yarns are in some demand and spinners are very busy on orders in hand, so that deliveries are difficult to obtain reasonably early. Common 8 lb. cops are quoted at from 1s. 10½d. to 1s. 11d. and 8 lb. spools at 1s. 11½d. to 2s. All other qualities are firm and unchanged.

A moderate business is taking place in jute cloth and manufacturers are able to dispose of their current production. Prices are very steady at from 2½d. for 10 oz. 40 in. and 1½d. for 8 oz. Linoleum hessians rule quiet, but steady, and a fair and steady business is being done in sacking, bagging and tarpauling.

GRAIN MARKETS

WHEAT.—Prices continue to fluctuate widely under the influence of crop news. A better tone has prevailed this week and quotations, both in this country and North America, have recovered. Latest estimates of the Canadian crop are somewhat below expectations and yields in Europe are also reported to be disappointing. Meanwhile, harvesting in this country has been hampered by unfavourable weather and a substantial proportion of the crop still remains to be gathered.

	Sept. 11, 1935	Aug. 12, 1936	Sept. 2, 1936	Sept. 9, 1936		Sept. 11, 1935	Aug. 12, 1936	Sept. 2, 1936	Sept. 9, 1936
	Cents	Cents	Cents	Cents		Cents	Cents	Cents	Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel ...	91½	110½	108½	111½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3-45	3-65	3-70	3-65
Maize, nearest future, Chicago, per bushel	77½	106½	104½	110½	Cotton, middling, spot, per lb.	10-85	12-60	12-05	12-50
Oats, nearest future, Chicago, per bushel	26½	42½	39½	41½	Rubber, smoked sheet, spot, per lb.	11 ⅞	16½	16 ⅞	16 ⅞
Rye, nearest future, Chicago, per bushel	42½	79½	80½	82½	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel.....	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	82½	75	81	Copper, "Electrolytic," Domestic, spot, per lb.	8-02½	9-40	9-47½	9-55
Coffee, Rio No. 7, cash, per lb....	6½	8	8	8	Copper, "Electrolytic," Export prompt, per lb.....	8-25	9-62½	9-70	9-77½
" Santos No. 4, cash, per lb.	8 ⅞	9½	9½	9½	Spelter, East St. Louis, spot, per lb.	4-60	4-80	4-85	4-85
Cocoa, Accra, nearest future, per lb.	4-79	6-24	6-73	6-75	Lead, spot, per lb.....	4-35	4-60	4-60	4-60
					Tin, "Straits," spot, per lb.	48-60	41-37½	42-87½	52½

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FIVE YEARS OFF GOLD

Five years ago to-day, Saturday, September 19, 1931, the decision was taken to relieve the Bank of England of its obligation to redeem its notes in gold; and on Monday, September 21st the abandonment of the gold standard by Great Britain was announced to the world. Seen in the retrospect of five years, the events of that memorable week-end appear as the most important turning-point in post-war British economic history. And in the world as a whole no single event, apart from the Wall Street collapse of October, 1929, and the Nazi Revolution of March, 1933, can claim to have been more far-reaching in its effects.

The abandonment of gold by Great Britain has been followed, with greater or less reluctance, by the great majority of nations. By the summer of 1936, France, Holland and Switzerland were the only countries which had not, overtly or covertly, abandoned or qualified the gold parity of 1931. Moreover, by midsummer, 1936, economic revival in countries outside the gold bloc had carried production in most cases above the 1929 level. In Great Britain employment had increased from 9,338,000 in September, 1931, to 10,961,000 in August, 1936; and to-day a belt of new houses, roads, factories, shops and cinemas around London and most of the towns in Southern England and the Midlands bears very concrete witness to the train of events which followed September, 1931.

In the face of this favourable sequel, how comes it that the prospect of being driven off gold was viewed with such grave misgiving—amounting almost to panic—and that the event was so long and so strenuously resisted by practically the whole united strength of the country? For one may recall that it was not the uninstructed alone who were dismayed. The Macmillan Committee, whose report was issued in July, 1931, had "no hesitation in rejecting the course" of a modest devaluation of 10 per cent.; there was no dissent in the Committee on this point. Nor, indeed, was there any dissent among expert opinion from the view that a fall of sterling would be a disaster for the whole world.

These apprehensions were founded on the anticipation of a general shock to business confidence; on the disastrous experience of inflation in the previous decade; on a general scepticism—not yet entirely dead on the Continent—about the possibility in the long run of controlling the movements of a currency that had cut adrift from its gold anchor, and on the fear of a revival of economic nationalism in a world where currency depreciation had again set in. In the light of the knowledge then available, these apprehensions were entirely justifiable. In the light of to-day they seem exaggerated. We have undoubtedly learned some lessons which will permanently alter the accepted view on these matters. But five years is a short time; it is, in particular, short relatively to the length of a trade cycle. The depreciation of sterling was certainly not a disaster for the whole world. But was it an unalloyed gain?

Our departure from gold did, indeed, administer a very great shock to the central banking organisation of the world; but if the other fears were not realised, this was due at the outset mainly to two facts. The first was that confidence was aroused in the stability of our financial situation by the truly heroic efforts taken to balance the Budget. The second factor, which was almost entirely unexpected, was that the depreciation of sterling—in the conditions then obtaining—produced a general deflationary effect abroad, owing to the cutting down of British purchases. The break with gold, far from being the signal for wild inflation, began by producing the opposite effect.

But even after five years, the dangers feared in 1931 have not materialised, and it may truthfully be said that in this country at all events there has been a radical change of opinion as the result of the experience of the past quinquennium. This change is symptomatic of a difference both in the world's economic problems and in the angle from which they are approached. In the immediate post-war years it appeared that the basic condition of restoring economic order out of the prevailing chaos was the re-establishment of an international monetary standard. From

the Genoa Conference of 1922 to the Geneva Conference of 1927, the general strategy was to organise financial and monetary reconstruction, on the basis of the gold standard, as a prelude to the restoration of international trade. It is true that a regime of fixed gold parities clearly implied that in certain contingencies money wages might have to be reduced; but the general expectation was that these deflationary contingencies would not arise. The institution of the gold-exchange standard, the new policy of "economising" gold, the prospect of expanding international trade, were together expected to support a permanent price level of at least 50 per cent.—possibly more—above pre-war prices.

Unfortunately, however, mistakes were made. The wrong gold parities were adopted; tariffs were not reduced; and the latent maladjustments were covered up and left uncorrected by unstable movements of international capital. When, therefore, a powerful deflationary impulse spread outwards from Wall Street in 1929, it was found that the social opposition to reduction in money wages was too great to allow an adequate readjustment of costs except by currency depreciation. In those countries which abandoned their old gold parities with sterling in 1931, the change came smoothly and without political commotion. But in the United States deflation ended in almost complete economic collapse and in Germany in political revolution.

Despite these events, however, and despite the combined revival and stability which the sterling countries began to enjoy, an almost panic fear of cutting adrift once more from gold persisted on the Continent of Europe. To the European *rentier* only two alternative policies were conceivable: "inflation," or the retention of existing gold parities. And for several years after 1931 it was generally believed on the Continent that sterling prices must rise to astronomical heights like mark prices in 1922-24. These ideas have died slowly, and are not yet quite dead. For France, Holland and Switzerland are still on the gold standard; and in Germany, Dr. Schacht, compelled, on the one hand, by the memory of 1923 to avoid devaluation, and, on the other, by the rise of militarism to finance rearmament, is still giving his altogether unprecedented exhibition of monetary tight-rope walking.

In the sterling area and the United States the development of ideas since 1931 has been gradual but far-reaching. In Great Britain the original anxiety vanished as soon as the initial rise in prices subsided. And as time has passed new considerations have come to the fore. It was originally supposed, for example, that the main advantage of "exchange depreciation," was that it assisted a nation's export trade. Since 1931 in Great Britain, however, it has gradually been realised that the effect on exports is comparatively unimportant; and that the real importance of "monetary alignment" is to relieve the pressure on a central bank's gold reserves and to allow the adoption of a cheap money policy designed to restore full employment. In the sterling area to-day freedom from gold is valued almost entirely for its internal advantages—and, it might almost be said, in spite of its external disadvantages.

If a balance were struck to-day, the internal advantages would doubtless be found to outweigh many times over the external disadvantages. But the present moment may not be the correct time for striking a final balance. The "off gold" period has coincided with the upward phase of the trade cycle. The departure from gold has been, in nearly every country, the occasion for recovery, but *post* is not necessarily *propter*. There is no doubt whatever that, if all countries, after "re-alignment" of their currencies, were to agree to bring order into the chaos of the exchanges, the recovery of international trade would be greatly accelerated, unemployment would be reduced, and one powerful cause of international friction would be removed.

We do not suggest that the ultimate judgment will go in favour of the gold standard as it existed before 1931. The lessons of the last five years are too decisive for any return to gold in that sense to be either practicable or desirable. A fixed rate of exchange will never again be the one and only object of economic and social policy. But the full benefits of the new regime will not be reaped until some compromise has been discovered between the rigid system which burst in 1931 and the uncertainly shifting exchange rates of to-day.

PORTUGAL'S DILEMMA

THE Spanish tragedy has been producing, beyond the Spanish frontiers, effects which are as unexpected, and as untoward as those in Spain itself. One of the most startling of these repercussions has been the consequence of the impact of the Spanish civil war upon Portugal.

Under this impact, Portugal has suddenly assumed a new rôle in the international arena. Hitherto, during these post-war years, Portugal has been enrolled (as, for that matter, Spain has also been) in the respectable company of the "neutral" group of West European States which have neither been, nor aspired to become, Great Powers. Within this group she has been in the company of Belgium and Holland as the precarious possessor of a valuable heritage of colonial possessions which it has ceased to be possible for her to defend by the force of her own arms. On this account, Portugal has hitherto been as eager as the other members of the same group of States to do everything in her power to promote and maintain the reign of law in the field of international relations; in the Italo-Abyssinian conflict the Portuguese Government was offered, and accepted, the vitally important chairmanship of the Committee of Eighteen; and it was certainly not the fault of Senhor de Vasconcellos, the Portuguese statesman who acted for his country in this post, that the oil-sanction was not applied against Italy. On the other hand, at the present moment, Portugal is apparently ranging in quite a different camp—in the camp of the Fascist States—and no longer in that of the neutrals. And the anxiety which has led the Portuguese Government to show itself in this strange alignment is a new concern for the security of the existing regime in the metropolitan territories of the Portuguese Republic in Europe, in place of the old Portuguese concern for the integrity of the Portuguese colonial empire overseas.

No doubt it was inevitable that the Spanish civil war should profoundly affect the life of an adjoining European country which has Spain for its sole neighbour on the landward side. But the re-orientation of Portuguese foreign policy in the present crisis is far-reaching enough to call for an examination of the colonial motive and the domestic motive in the Portuguese Government's mind.

The Portuguese colonial empire has steadily appreciated in value during the last half century, thanks to the opening up of the hinterland of Portugal's colonies by the enterprise of other Powers. For example, the present Portuguese possessions in West and East Africa have grown out of the African ports of call along the route to the long-lost Portuguese empire in India. These African crumbs were left in Portugal's hands when the Indian loaf was snatched away from her, because a handful of African ports with a barbarous and unexplored hinterland did not seem worth the trouble of picking up. To-day, however, when this once dark hinterland has been transformed into the Transvaal, the two Rhodesias, Nyasaland and the Belgian Congo, these derelict Portuguese settlements on the two African coasts have become the maritime termini of railways that run into the heart of Africa and tap copper mines, cattle-ranges and agricultural regions producing crops for export. Lourenço Marques, Beira and Lobito Bay have become busy and flourishing *entrepôt* centres. In fact, the value of the Portuguese colonies has appreciated all round. And the precariousness of Portugal's tenure has been accentuated in the same ratio.

Until the other day, a growing anxiety about the security of her colonial empire had been the mainspring of Portuguese foreign policy; for there has been—and presumably still is—a real danger that these indefensible overseas possessions of a weak European State may one day be seized by strong and unscrupulous hands, in order to be used for redressing the inequality between the "have" and "have-not" Powers at a helpless third party's expense. On the eve of the Great War, Great Britain perhaps sailed rather near the wind in making a private agreement with Germany, over Portugal's head, about a possible future division of the colonial possessions of "England's oldest ally," should Portugal one day feel inclined to sell them. And Portuguese fears must have been aroused once again by

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some recent utterances of Mr Pirow, the South African Minister for Defence, whose formula is that, while it is unthinkable that Germany should be allowed to regain possession of Tanganyika and South-West Africa, it is equally unthinkable that Germany should remain without any African possessions whatsoever. The prospects for Portugal are the more ominous because she has been freely charged, as Abyssinia has been, by parties who can hardly be regarded as disinterested, with the crime of misgoverning her alien African subjects so grossly that it would be a deed of justice and mercy to relieve these victims from the tyranny under which they are groaning.

In these circumstances, Portugal has shown an anxiety about her colonies that is only natural. In order to drive the last nail into the coffin of the pre-war Anglo-German agreement, Portugal took the extreme step of intervening in the Great War on the anti-German side—a desperate remedy which certainly availed to save the Portuguese Empire for the moment, though the German armed forces in East Africa were actually standing on Portuguese territory at the moment of the Armistice of 1918. Again, after the War, the Portuguese Government was only induced with the utmost difficulty to sell to the Belgian Government at a very handsome price a minute portion of Portuguese territory near the mouth of the Congo which was wanted by the Belgians in order to provide an alignment for a railway from the narrow coast to the vast interior of the Belgian Congo—so apprehensive were the Portuguese lest the sale of any of their colonial territory, in whatever quantities or circumstances, might be used against them later on as a precedent for forced alienations on a larger scale.

Now the Portuguese do not fear spoliation at the hands of Belgium, or again at the hands of Holland or Great Britain or France. If any Powers do cherish nefarious designs upon the Portuguese colonial empire, the would-be robbers can only be Japan in the Far East and Italy and Germany in Africa. Yet, at this moment, we see the extraordinary spectacle of Portugal aligning herself with Germany and Italy against France and Great Britain over the Spanish affair.

The truth is that the Spanish civil war has raised a new issue which touches the present regime in Portugal still nearer the quick than colonial anxiety. For, since 1926, Portugal has been living under a local variety of Fascism; and since 1931 things have been kept quiet there. Her present rulers are evidently afraid that if the extremists who emerge victorious out of the present internecine struggle in Spain are those of the Left, then the position of the Portuguese Government will become untenable. This new and pressing anxiety seems to be justified in some measure by the naval mutiny of last week—quickly and easily suppressed though it was. Indeed, the Portuguese Government is now so alarmed about its own position at home that it seems to have made up its mind to do what it can to prevent a victory of the Government forces in Spain, even if the alternative is the establishment of a Spanish regime which will be dependent on the armed support of Italy and

Germany. The result may be that the very two Powers that have been casting covetous glances at the Portuguese colonial empire will be henceforth in a position to put a Spanish screw upon Portugal in Europe.

We may sympathise with the Portuguese Government in their dilemma. For the last five years Senhor Salazar's Government has maintained internal peace, by hook and by crook, in a country which had been distracted by ceaseless revolutions and revolts during the years between the expulsion of King Manoel in 1910 and the advent of Senhor Salazar to power as Finance Minister and then Dictator in 1926. In Great Britain and France, there is, of course, no more desire than there is in Italy or Germany to see the present Portuguese regime overthrown by violence in order to plunge Portugal into an anarchy as destructive as that now devastating Spain. On the other hand, it will be a very serious matter for Portugal if her Government persists in its apparent policy of ignoring British requests and working for the triumph of the Spanish militarists at the cost of stultifying the efforts of the rest of us to hold the ring in Spain, and thereby to preserve the peace of Europe. Portugal should think again before she irrevocably places herself in Italian and German hands.

RETAIL WAGES AND HOURS

(BY A CORRESPONDENT)

AFTER an interval of seventeen years, official consideration may again be given, in the near future, to the vexed question of hours and wages in the retail distributive trades. At a recent conference with retail representatives, Mr Ernest Brown, the Minister of Labour, dwelt on the implications of the fact that while the number of insured persons in retail trade had greatly increased between 1923 and 1935, the percentage of unemployment in the industry had simultaneously been rising. The amount of unemployment among youths and girls is higher in retail trade than in any other industry. Figures available at the conference showed that, early in 1936, the distributive trades alone accounted for 24 per cent. of all unemployment among youths of 18 to 20 years, and for nearly 28 per cent. of all unemployment among girls of the same ages. The economic and social consequences of this condition were attested by the same official records, which showed that the percentage of men aged 21 to 24 who had been unemployed for more than one year was 15.9 in the distributive trades against 8.8 in all other industries.

There is little doubt that the practice of employing casual labour, particularly juvenile labour, in this industry has increased rather than decreased of recent years. The problem of "blind-alley" occupation has, consequently, become increasingly serious. Closely related to it is a further problem—that of long hours. The width of the gulf which separates the worst from the best employers imposes

an almost decisive limit on the latters' efforts to raise prevailing standards; for in an industry where wages represent a significant portion of total working costs, the competition of low wage-paying shops is formidable.

The ignorance of the general public about prevailing rates of wages and hours of labour in the retail trades may be explained largely by the absence of really comprehensive and up-to-date information, official or otherwise. Few industries are worse served, but a useful working idea of existing conditions may nevertheless be obtained by co-ordinating such information as is available. In 1926 the Ministry of Labour conducted an inquiry into wages in the drapery and allied trades. The results, based on a sample of 48,749 employees, showed that 57 per cent. of male workers under 18 earned less than 15s. a week. Among males aged 18 to 20, some 35 per cent. earned less than 25s., while of males aged 21 and over, 47 per cent. earned less than 65s. and 24 per cent. earned 50s. and under. Among women workers, 36 per cent. of those under 18 earned 15s. or less, 60 per cent. of those aged 18 to 20 earned less than 25s., and 45 per cent. of those of 21 and over earned less than 35s. a week.

The National Union of Shop Assistants has conducted various surveys of conditions in the tailoring and grocery trades. According to the resulting figures, some 60 per cent. of adult male workers in the tailoring trade earn less than 50s. a week; some 47 per cent. earn 45s. or less, and only 18 per cent. earn over 60s. In the grocery trade, wages are lower; some 57 per cent. of adult male workers earn 40s. or under, and the average wage is 38s. 6d. In some multiple shops in the boot and shoe trades, women sales assistants are frequently paid less than 30s. a week.

Agreements operated by some of the more progressive employers, though relatively few in number, afford a striking contrast with conditions elsewhere. For example, the figures of eight co-operative societies, operating in different parts of England, show that, on the average, male sales assistants receive remuneration rising in regular stages from 14s. 7d. a week at the age of 15 to 60s. 8d. a week at the age of 24. Among female sales assistants, earnings rise, between the same age limits, from 13s. 5d. to 38s. 6d. A well-known chain store which carries on an increasing and profitable business, pays its female sales staff 22s. at the age of 16, rising by annual increments of 1s. 6d. to a total of 37s. at 22. Window dressers and floor walkers receive 32s. 6d. rising to 45s., and cashiers 40s. rising to 100s. Additional remuneration takes the form of an annual bonus equal to two weeks' pay, and the provision of cheap meals.

On the matter of hours, the report of a Select Committee on Shop Assistants, five years ago, showed that an average week of 48 hours, with a maximum of 57, was worked, generally, in departmental stores, shops for the sale of wearing apparel, ironmongery and fancy goods establishments. The total averaged 50 to 54 hours in bakery, pharmaceutical, dairy, fishmongery, grocery and hairdressing businesses. For newsagents' shops the general average was 54 hours, though many "family" premises were open longer. Among butchers', cooked food and green-grocers' shops the average was as high as 55½ hours. In tobacconist shops it was 59, in the confectionery trade as much as 62 hours (in London) with a maximum for the whole country of 80 hours. Hours were found to be definitely longer in London than in provincial cities. For seventeen categories of retail trade, the mean totals were 55½ in London and 51½ elsewhere.

The problem of long hours is particularly difficult, because it is governed largely by the shopping habits of the general public, which, in turn, are frequently determined by the hours of employment in other trades. The co-operative societies have achieved a strict 48-hour week by a combination of such expedients as later opening, longer meal hours and six o'clock closing on three days a week, but for many other trades the provision of extra staff to enable a relay system to be worked would appear to be a more advantageous course. Already, such a system has been introduced, with satisfactory results, in certain districts and trades, particularly in tobacconist, confectionery, and multiple newsagent businesses.

The Committee reached the conclusion, in 1931, that a limitation of working hours should not tend to raise prices (except in the grocery trade, where the average margin of profit was relatively small), and that a 3 per cent. increase in the gross return, devoted to the payment of higher wages, would probably not encounter serious objection from consumers.

The Committee's estimate may be somewhat on the low side. Mr Lawrence Neal, in 1932,* estimated that of a gross "mark-up" of 28 per cent. (a representative average figure for departmental stores), salaries and wages absorbed 12½ per cent., occupancy, publicity and miscellaneous expenses 11½ per cent., and interest on working capital 1 per cent., leaving 3 per cent. for net surplus. A deficiency in estimated turnover of only 5 per cent. may, according to Mr Neal, cause a fall in net surplus to a mere 1.33 per cent. But it would appear, in the light of available data, that fully one-third of the lowest paid adult employees would have to receive wage increases averaging 25 per cent. if the minimum of 60s. a week for adult male assistants, and 45s. for adult women workers, envisaged by the employees' unions, were to be realised. The "surplus" margin would obviously be reduced to small proportions, even for the departmental stores, and to even smaller proportions for the multiple shops, which have more employees at the lower levels.

Nevertheless, the prospect of an amelioration of working conditions is heightened by contemporary developments such as the adoption of higher standards of living, the concessions secured by workers in other trades, and the increase in the strength of trade unionism in the industry itself. The Government's attitude is sympathetic; the public is friendly; and the example of recent events abroad, particularly in France, may be contagious. Whether the change will come from within, however, may be questionable; for many employers who would welcome improved conditions declare them to be impracticable until all their competitors are required to subscribe to them. The initiative, whether by the establishment of trade boards or otherwise, must apparently, come from the Ministry of Labour. And the extent to which the inevitable cost should be passed on to consumers or offset by a far-reaching overhaul of organisation in many branches of the industry, is a question of direct public interest.

AGRICULTURAL TRACTORS

ONE of the most striking results of the measures taken during the past few years to stabilise the position of British agriculture has been a rapid increase in mechanisation following directly from the improved purchasing power of the agricultural community. This process has been noticeably accelerated during the past year. It is opening up an unexpectedly large market for agricultural tractors, the production and sale of which is shared between makers of commercial road vehicles and agricultural machinery manufacturers. Official information about the size of this industry is scanty, since an agricultural tractor need not be registered as a motor vehicle unless it makes use of the public roads. For registration purposes an agricultural tractor is classified as an "Agricultural Engine—5s. Class," and the small amount of the licensing fee naturally gives little incentive to the authorities to require registration. Nevertheless, the motor census of September, 1935, showed that 18,978 tractors were registered, compared with 16,221 in 1934.

The actual number of tractors in use must be considerably in excess of the number registered; it may well be nearly twice as great, possibly even more. A recent publication of the Oxford Agricultural Economics Research Institute gives the number of tractors as "over 30,000" in 1934, which compares with 14,000 at the time of the agricultural machinery census of 1925. For the past year new registrations—i.e. known new sales of tractors—have numbered 4,252, compared with 2,828 in the previous year, and 2,029 two years ago. It is a reasonable inference that actual sales of new tractors are considerably in excess of this number.

* "Retailing and the Public." By Lawrence E. Neal. Allen and Unwin.

The replacement demand alone is considerable; for the average life of a tractor is about eight years. A reasonable estimate of sales on the home market in the past year would appear to be 7,000.

Although tractor work is mainly associated with large-scale arable farming in the Eastern Counties, recent developments in market gardening and in the improvement of grass land are opening up new uses for the tractor. Thus, the potential increase in tractors is probably greater outside than inside the main arable areas. The factor limiting increased sales is the small size of many farms. On arable farms of 300 acres and upwards, the employment of tractors is the rule; whereas on farms of less than 100 acres it is the exception. To some extent the difficulty is being overcome by the extension of the functions of the agricultural contractor, who, with adequate and fully utilised mechanical equipment, is often in a position to undertake ploughing, cultivating and other operations, at a pre-arranged charge per acre, more cheaply than the farmer can do them himself.

The development of agricultural tractors has naturally made most progress in the United States, with its large farms, extensive farming methods, highly developed industrial organisation, and (until recently) shortage of labour. It is therefore not surprising that the British market should at first have been mainly supplied either by direct imports from America or by American-designed machines manufactured elsewhere. In 1932, for example, British imports of agricultural tractors amounted to 2,566 and exports to only 55. Recently, however, a sharp rise in imports (reflecting improvement in home demand) has coincided with a noteworthy increase in exports of British-made tractors. Thus, during the first eight months of 1936 imports totalled 3,170 tons, valued at £273,324, against 2,927 tons, valued at £228,350 in the corresponding period of 1935. Exports of British agricultural tractors, on the other hand, have this year risen to an aggregate of 7,531 tons, valued at £462,596, compared with only 4,410 tons, valued at £279,444, in the first eight months of last year. Imports are almost entirely from the United States, while British exports go mainly to the Dominions. Taking imports at 2,300 tractors annually, exports at 5,400, and home sales at 7,000, British production would appear to be running at around 10,000 annually—an increase of over 100 per cent. during the past year.

In view of the British Government's agricultural policy there would appear to be considerable room for the further expansion of the industry. The essential to success is to supply a sound article at a price within the means of the smaller farmer; for demand from the larger farms is mainly for replacement purposes. There will, however, always be a good demand from agricultural contractors and large farmers for the more expensive machines, provided that the economies resulting from their full employment are sufficient to counterbalance their higher initial cost.

Tractors fall into two main classes: lightweight tractors, which usually have wheels and, having been started on petrol, are run on paraffin; and heavy tractors, many of which are equipped with "caterpillars" instead of wheels, and frequently have Diesel engines. Those most commonly employed are Fordsons and Internationals, the latter being a product of the International Harvester Company of Chicago. The prices of these two makes range respectively from £135 to £355, and from £172 to £550. Other makes with a substantial sale on the British market include the American Case, Massey Harris and Caterpillar, with a price range of £240 to £2,100; the Bristol, a British machine produced by the Bristol Tractor Company, which sells at £195; and the Marshall and Ruston, both of which are British machines. The greater part of the agricultural demand is for wheeled tractors, which, although much cheaper and lighter than the "roadless" type are quite suitable for ordinary agricultural operations. Prices for the wheeled Fordsons range from £135 to £180, compared with £320 to £355 for the "roadless." The latter type is necessary on difficult or hilly land. It is fairly extensively used in forestry operations and in association with the heaviest type of agricultural equipment. Although still much less numerous than the wheeled variety, this type is tending to gain ground.

The great impetus in British tractor exports coincided with the beginning of large-scale production of Fordsons at

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Dagenham, and it may be assumed that it mainly represents exports of Fordsons. Similarly, imports may be taken as mainly representing Internationals. These two makes will undoubtedly have to face keener competition in the future than in the past, but they have the great advantage of being well established in a somewhat conservative market, and of producing on a sufficient scale to keep their prices competitive. Nevertheless, the growth in demand and the great potentialities of this market are not likely to remain unnoticed by other concerns.

BED AND BREAKFAST

[Our Special Correspondent has lately returned from an investigation, in propria persona, of one of the oldest but least organised of Britain's indigenous industries.]

It should not be assumed too readily that the decision of the Government not to apply the overcrowding regulations to holiday lodgings represents a tacit admission by the authorities that all is well with the board-residence industry. On the contrary—if we are to judge by the reasoning which has been held to justify intervention in the case of coal, cotton, iron and steel, transport, fishing and agriculture—all the evils which used to afflict these industries are rampant in the bed-and-breakfast trade.

In the first place, the industry is functioning within the simple pattern of a *laissez faire* economy, and all experts in modern reconstruction are agreed that this condition is irreconcilable with efficient operation. Entrance into the industry is ridiculously easy. The most cursory observation *in situ* will reveal that any person regards himself or herself as qualified to put up a notice offering homely accommodation to all and sundry. More detailed inquiry elicits extraordinarily trivial excuses for such action. "There's a spare room doing nothing and we may as well use it." . . . "We are glad to earn a few extra shillings for the winter." . . . "It makes a bit of company"—all absurd pleas which would earn short shrift in any sound totalitarian community. It is all the Exchange Equalisation Fund (*née* Lombard Street) to a china orange that some of the people in Jarrow, who were prevented just in time from earning an income as steel producers, have coolly put up a card in the window, and transferred their disturbing activities to Scarborough, Skegness, or Southend. One of the basic problems confronting the advocates of a planned economy is this propensity of persons excluded from a reorganised industry to seek an opening in some other occupation.

What is the net result of the policy (or absence of policy) of allowing an industry to work out its salvation without let or hindrance? In the bed-and-breakfast trade we have a multiplicity of unco-ordinated and intensely individualistic producers, ranging from the luxury hotel which is strenuously supporting the official programme of reflation, down to the hopelessly inefficient widow who overfeeds a couple of youngsters because they remind her

of her own boys. There is no national plan, no standardisation, no orderly production and marketing. A few simple tests will demonstrate this fact. What are bacon and eggs, the staple morning meal? One may range the whole countryside and the seaside, study all the Reorganisation Committee reports, read all the orange books, without discovering a simple clear-cut definition. Are there one, two or three rashers? Are they served with or without the rind? Are the eggs scrambled or fried? At the higher stages of production the pig, the hen and the cow are rigidly controlled and regulated. But at the final stages their products are disbursed in a perfectly chaotic manner. Has the Ministry of Agriculture wearied in well-doing? Of the countless other examples of disorder created by the free play of unbridled forces reference need only (but must) be made to the unstandardised and inadequate provision for the hanging of a razor strop.

The effect of these conditions on the consumer should not be forgotten. Haphazard methods of production are inevitably reflected in the casual behaviour of the *clientèle*. The terminology in vogue in the industry is significant of this tendency. People talk of "popping down to the sea," "clearing off for the week-end," "dropping in at so-and-

so." Persons start in the morning for a ride, a walk or some other excursion without the slightest idea where they will put up for the night. Is this the right mentality or the right training in a world rapidly arming for a decisive struggle? It may be true that most generals start a battle without knowing where they will be at nightfall. But neither the rank and file nor the general populace is expected or allowed to know of this fact. On the contrary, even in a headlong retreat G.H.Q. is careful to report that the movement was conducted according to plan. Plan is the operative word here, as everywhere else.

There is, however, a more decisive military argument against an unco-ordinated bed-and-breakfast industry. Peace-time lodgings are war-time billets. If the Government does not promptly take the industry's affairs in hand, one of our enterprising daily newspapers will produce a blue book on Billet Unpreparedness, which will shake the seats of the mighty. All the circumstances point to the immediate establishment of a Bed-and-Breakfast Marketing Board, with the complete paraphernalia of registered producers, regulated production, quotas, price control and central selling. A statutory levy for the scrapping of some of the earlier bedsteads should be part of the scheme.

NOTES OF THE WEEK

"The Rally of Honour."—The Nazi Party Rally at Nuremberg, which in view of Germany's attainment of national equality in armaments was dignified with the name "Rally of Honour," ended on Sunday night with a rhetorical speech by the Führer. In this he announced that Germany could never have any diplomatic dealings with "Bolshevism"—as the Jews once had none with the Samaritans. The closing speech, however, was in the nature of an anticlimax after the extraordinarily violent outbursts of Herren Hess and Goebbels against Russia last week; for both German and foreign diplomats present, remembering former Party Rallies, had expected the traditional *dénouement* of some striking "accomplished fact." It had been rumoured that the Reichstag would be convoked at the close of the Rally; which led observers to guess that something would need to be ratified by the appointed representatives of the German people. Nothing occurred; and conjecture at once shifted to the plane of the new Locarno discussions. It was rumoured that, after such virulent abuse of Russia, Communism, and the personalities in the Moscow Government, Herr Hitler would instruct the German Foreign Office to make the abandonment by France of the Franco-Soviet Pact of Mutual Assistance the condition for Germany's participation in any future conference with France, Belgium, Italy and this country. Certainly this would accord with the temper of Herr Hitler's two speeches at the Rally; and rumour went even further—namely, to the effect that Germany would offer France a German undertaking to respect her frontiers, and some limitation of German armaments, as a *quid pro quo* for the denunciation of the Pact. This would be in line with Herr Hitler's offer to the Locarno Powers on March 7th last of a security pact strictly limited to the German frontiers with Holland, Belgium and France. It is, however, after all, the very issue which the Locarno Powers have to discuss in London—whenever the German Government are satisfied that the period for "the necessary preliminary diplomatic arrangements" is long enough. It can scarcely be posed as an "either . . . or" by Germany before she agrees to participate in the London negotiations, without arousing suspicions about her good faith. In this connection, the importance of the Rally seems to have been more of a domestic nature than the tenor of the speeches at first appeared to indicate. The gratuitous violence of the speeches at Nuremberg must have alarmed many Germans themselves; and not the least important effect abroad has been—not the reaction of Russia, but the evidence of Signor Mussolini's discomfiture over the performance of Herr Hitler. This may yet have significant repercussions on the Locarno preliminaries.

Manœuvres at Minsk.—While Herr Hitler has been pouring out anti-Russian invective at Nuremberg, other speeches were being made last Saturday at Minsk, on Soviet soil, by Marshal Voroshilov, People's Commissar for Defence in the All-Union Government, and also by the heads of the Czechoslovak, French and British military delegations attending the manœuvres. All three visitors alike spoke in terms in which cordiality was mingled with admiration for the Soviet Army's equipment and performance; while Voroshilov told them that "the invincible Red Army is ready at any moment to destroy the enemy in his own territory." The aggressive note in this boast (which Marshal Voroshilov repeated at Kiev on Thursday) is a new and unfortunate innovation in Russian utterances on foreign relations; yet it is scarcely surprising if the Russians do at last begin to retort in kind to Herr Hitler's unprovoked and unremitting campaign of verbal provocation. It is also inevitable that Germany's neighbours, including ourselves, should look with a tolerant eye on the only force that can in the long run provide an adequate equipoise to Germany's armed might. More and more menacingly, we are confronted with the prospect of Germany launching an attack against Russia. But in this prospect there are two unknown quantities. On the one hand, while we can be sure that the Germans will know how to make use of their new armaments with the utmost efficiency, we still do not know whether Herr Hitler really does mean to wage the war of aggression towards which he seems so rapidly working up. On the other hand, while we can be sure that Russia—if only because of her great possessions, of which Herr Hitler gave his followers an inventory—will not be the first to take up arms in a war from which she can have nothing to gain, we cannot be sure that, if a war is forced upon Russia by Germany, the Russians will show themselves appreciably more efficient in the modern art of war than they were in 1914-18. It would be interesting to know how far the foreign military observers of last week's manœuvres at Minsk were able to judge how the present Russian Army would be likely to acquit itself on active service. It is noteworthy that the Russian arms which all three observers singled out for their highest praise were arms like the tank corps and the air force, which are entirely dependent for their effectiveness upon a command of mechanical technique. Has the Soviet regime really been able, in less than twenty years, to transform the Russian moujik into a sort of Shavian Straker to whom the mechanic's art of driving—and repairing—a tractor or a tank comes as natural as it is for the peasant to handle the antique plough-share or sword?

M. Blum's New Problems.—The French Popular Front Government is engaged in a struggle to combine social progress with business recovery at home and peace with security abroad. No sooner had the Communist revolt on the Spanish issue been composed last week, than new stay-in strikes and occupations of factories broke out, particularly in the North. These strikes, as our Paris correspondent points out this week, are not concerned with intervention in Spain nor even mainly with the threatened rise in the cost of living. They are in most cases the result of disputes over the application of the "Matignon Agreement" of last June between employers and workers. That agreement, which greatly benefited the workers, was accepted by the employers under great social and political pressure. Some employers have doubtless been unnecessarily tardy in applying it; while others, particularly small employers and those engaged in exporting and consequently hard hit by the over-valuation of the franc, have been faced by formidable difficulties. The Northern exporting textile industry, a French depressed area, has naturally been the danger spot where the pressure of the over-valued franc on the one hand and the rising cost of living on the other have met and provoked friction. At the moment it seems that M. Blum's personal effort at conciliation will succeed. But the conflicts this week in the export trades show what trouble the French Government has incurred as a result of the Communists' obstinate refusal to agree to devaluation last June. Until the moment for devaluation seems politically ripe, the best policy for the Government would seem to be to stop the rise in the cost of living—which has so far only been slight—by an easing of import restrictions, particularly wheat, and by some substitution of direct for indirect taxation. That the Government has both "monetary alignment" and tariff reduction in mind is indicated by the economic proposals which, according to reports from Paris, it intends to make at Geneva this week. The French delegation is to include M. Spinasse, Minister of National Economy, M. Bastid, Minister of Commerce, and M. Jouhaux, Secretary-General of the Confédération Générale du Travail. And it is hoped that, following the recent conversation with Dr. Schacht (on whom M. Bastid paid a call this week, in Berlin), some joint committee, at least including French and German representatives, may be formed to tackle the inter-related currency and fiscal problems. At the same time M. Delbos and M. Paul-Boncour are to make yet one more effort to achieve an agreement on arms limitation, or at least on the publication of armament Budgets. M. Blum's Government deserves congratulations on its refusal to despair in a lowering international atmosphere.

Suspense in Spain.—Last week-end, the Spanish Government militia and Basque Nationalist forces silently stole away from San Sebastian, and the city fell into the hands of the rebel forces without any repetition of the destruction at Irun. The rebel generals have thus obtained their port in the North, which should enable them to secure supplies for General Mola's forces direct by sea, instead of indirectly from the South by the corridor along the Portuguese frontier. The Government troops have fallen back on the stronghold of Bilbao and on a line between that place and just north of the rebels' headquarters at Burgos. In the North-East, Huesca has still not fallen, though it is all but invested; and both sides are pouring reinforcements into their lines round Saragossa. In the South-west, General Franco's force is slowly advancing beyond Talavera towards Toledo and Madrid; but the Government's troops have been reinforced both here and on the Sierra de Guadarrama to the north-west of Madrid; and General Franco has so far refrained from attempting to outflank the defences of the capital by a thrust eastward against the free corridor between Madrid and Valencia. Since the week-end another period of stalemate seems to have supervened on the intense activity of last week. Meanwhile, the French Government's plan to secure an effective and supervised international neutrality still hangs fire, and the Portuguese Government maintains its attitude of non-co-operation.

Mr Roosevelt's Prospects.—Monday's election in the State of Maine has not shed a great deal of light on the outcome of the Presidential election in November. The offices to be filled were those of Governor of the State, United States Senator and three Congressmen. Of these, the Governorship and two of the seats in Congress were before Monday held by Democrats. All, as a result of the election, are now in the hands of the Republicans, as is normal in Maine. The State has thus "gone Republican," and Mr Landon is naturally elated over the fact. The Democrats, on the other hand, draw comfort from the manner of its going. The Republican victor in the Senatorial election had a majority of only about 5,000 in a total poll of 310,000. The Republican majority in the contest for the Governorship was 43,000, but even this is small as Republican majorities go in Maine. If the election shows anything at all of wide application (which is doubtful), it is that the normally Republican States will return to their old allegiance in November. But that has been known for months past. The election will turn on the border-line States, and Maine, not being one of these, can give no guide to their choice. The primary elections in other States, which have also been held this week, have given equally scanty indications of the trend of electoral opinion. In Michigan, for example, the only lesson to be learned is that Democratic voters will vote for a Roosevelt supporter, but Republicans will not. The President's adherents seem to have made a good showing in New York and Wisconsin, two vital States, but primary elections are a notoriously inaccurate guide to the ultimate election. The position thus remains that Mr Roosevelt is going to have a hard fight for re-election. It still seems likely that he will win, but it is not at all certain that he will be able to carry a Democratic majority with him into the House of Representatives. If he fails in this, American politics look like relapsing into their normal state of irritable frustration, sanctified as the separation of powers.

Tariffs and Devaluation.—The inter-relation of tariff and currency problems is specially emphasised by the report to the Council of the Economic Committee of the League, published this week. A further move towards the freeing of trade, the Committee recognises, cannot be made while the existing monetary tension affecting certain countries continues. The Committee is perhaps a little pessimistic in arguing that the economic situation has reached a "parting of the ways, the one road leading to a worsening of international trade and the other to the normalisation of the exchanges." For even without a "normalisation of the exchanges" there is no sign of any current shrinkage in international trade. As is pointed out in another League document issued this week, the "Note by the Secretary-General" on the economic situation, "the tide of recovery is flowing strongly." Indeed, in the sterling-dollar area international trade is rising; and what holds it back and maintains trade restrictions elsewhere is the attempt of a few European countries to preserve over-valued gold parities a little longer. In places the Committee seems to suggest that it is not so much this tension as the internal credit expansions (which it oddly classes with "quotas, embargo, restrictions and attempts at self-sufficiency") that have proved injurious. But where internal credit expansion has been preceded by devaluation it has been the prelude to stable recovery—as the Committee in effect admits when it adduces as an encouraging sign the fact that "all countries are promoting the expansion of internal credit, which is accompanied by increased production." Few will dispute the Committee's general conclusion, however, that what is now wanted is a combined "monetary alignment" and easing of trade restrictions. The first should facilitate the second; for as long as internal purchasing power is shrinking, governments will seldom, if ever, consent to tariff reductions. It is notable that the Committee gives a cautious blessing to devaluation: "whether by deflation or devaluation, the accommodation to external price levels is one that each country must undertake for itself." In proposing consultations between the leading countries rather than another World Conference, the Committee also shows itself wise.

A Crop of Strikes.—There have been some signs this week of an outbreak of minor strikes, "stay-in" and otherwise, in various parts of Great Britain. Is there evidence here that the rise in the cost of living and in profits is initiating the traditional strike movement that accompanies the latter part of the upward swing of the trade cycle? The Bedwas dispute is of course entirely concerned with the "company union" issue, as this week's events have again demonstrated. The postponed meeting between representatives of the South Wales Miners' Federation and of the Bedwas Colliery management was held in London on Saturday. Mr Horner, President of the Federation, argued the case for a ballot on the union issue, and the meeting was postponed for a week. At the same time the Miners' Industrial Union (which is regarded as a mere "company union" by the Mineworkers' Federation of Great Britain, of which the South Wales Federation is a part) announced its refusal to take part in the ballot. It added that a "terror" had been introduced into the Bedwas coalfield by the Federation. In reply to this statement, the General Secretary of the Federation remarked that the Industrial Union had not been asked to take part in the ballot, and that the issue was one between the Federation and the Bedwas Colliery management. It may be hoped that no further time will now be lost in arranging for the ballot, even if the parties cannot agree beforehand to abide by the result. For the result will at least clarify the situation and make it easier for the Minister of Mines to suggest a reasonable solution. Meanwhile the Lanark coalfield has been troubled by a "stay-in" strike of over fifty miners at Blantyre. The strike began on Thursday of last week and ended on Sunday, when the men, who had been refused food and water by the management, came to the surface. As a protest against the refusal of food and water by the Blantyre management, between 20,000 and 30,000 Lanark miners observed a 24-hour strike on Monday. The original dispute is understood to have concerned rates of wages. A miners' strike in West Yorkshire on the union issue has also been threatened during the week; and as a result of the failure to stop the strike of 220 weavers at Skipton, the Lancashire employers decided on Monday not to take part in the proceedings of the Cotton Conciliation Board. It will be noticed that all these strikes are in the depressed coal and textile industries and not in the prosperous heavy industries in which wages and prices are alleged to be "chasing" one another. Nevertheless the concentration on the union issue, and the tendency to adopt the stay-in method, possibly indicates the growth of a politically more aggressive spirit among the labour rank and file.

The Cure for Malnutrition.—The study of malnutrition is now passing from the scientific investigation of food values to the economic investigation of comparative money incomes and consumption standards. The newly published report*, for instance, of a sub-committee of the League's committee on nutrition, contains interesting figures of food consumption in different countries. Consumption per head of dairy products in Great Britain, though growing, is shown by this report to have been in the period 1930-34 still below consumption per head in Switzerland, Norway, Denmark, Australia and New Zealand. (Consumption in Italy was less than half that in any of the 13 other countries included in the table.) Consumption of all meat per head in Great Britain was a little above that of the United States, and was only exceeded in Canada, Australia and New Zealand. Italy is here again the lowest in the table. In consumption of eggs, Belgium, Canada and the United States come out above Great Britain; and in consumption of wheat Great Britain is sixth, following France, Bulgaria, Italy, New Zealand, and Australia. The cure for malnutrition, as Sir John Orr frankly admitted in his address to the British Association, is an increase in the purchasing power of the poorer classes. "Health and agricul-

* "The Problem of Nutrition: Statistics of Food Production, Consumption and Prices." Documentation prepared by the International Institute of Agriculture. League of Nations Publications Department. (London) Allen and Unwin. 110 pp. 3s.

ture," he said, "could not be married without the gold wedding ring"; and we could not make an advance without spending money. The purchasing power of the under-nourished can, of course, be increased partly by a removal of trade barriers which would reduce prices, partly by a general recovery policy designed to increase employment and aggregate money wages, and partly through public social services. Sir Daniel Hall, speaking after Sir John Orr, emphasised the need for reversing interferences with trade, and urged a concentration by British agriculture on fruit, vegetables and dairy products rather than wheat and sugar. When the Treasury has money to spend, in fact, it ought to be spent as well as possible. And it may perhaps prove best to spend it neither on money subsidies to producers nor consumers but on direct grants of health-giving foods in cases of special need.

Science and Unemployment.—A great deal of attention was also directed to unemployment by speakers at the British Association. Sir William Beveridge analysed existing British unemployment. He said that in proportion to numbers the volume of unemployment increased with each decade after 35, not because older men lost jobs more often, but because the difficulty of recovering a job after it was lost was greater. "Cyclical unemployment arising out of trade depression," Sir William added, "is at the moment practically non-existent." For the "long period" unemployment of the special areas some more drastic remedy than money payments in idleness was required. The problem of the special areas was considered by several other speakers. Mr S. R. Denison, of the University of Manchester, found in the unemployment figures very definite evidence of a drift of industry to the South. He thought, however, that transfer of labour was too slow an operation to offer a solution in any reasonable period. Both Mr Denison, therefore, and Professor Sargent Florence (of Birmingham University), who followed, added their voice to the growing volume of authority behind the opinion that the right solution is the direction of new industries into the special areas. "Biscuit making, the cattle and poultry food industry," Professor Florence said, "sugar refining, match making, jam making and tobacco might be established anywhere where there is a port." The suggestion indicates the need for the kind of general planning for change which Sir Josiah Stamp advocated in his Presidential Address. And if such long-term planning of British employment policy is to be undertaken, one of the "known" factors to be allowed for will have to be the coming fall in population. Dr. E. P. Poulton, in another paper at Blackpool, predicted that the population of Great Britain would fall to less than 6,000,000 in 200 years; and he attributed the fall to the "strain" involved in the higher standard of living of to-day. The problems of major adjustment of labour to changing demands seem likely, in fact, to increase rather than diminish with the passage of time.

The Little Entente Confers.—After a reunion of the three Foreign Ministers of the Little Entente States in President Benesh's country house, the latest of the regular conferences provided by the Permanent Statute of 1933 took place in Bratislava last week-end. The recent agreements between France and Poland and the renewal of the old alliance between Poland and Roumania had so improved the political position of Czechoslovakia as to warrant optimism about the outcome of this latest conference. Moreover, the recent agreement between Germany, Italy and Austria had greatly diminished the tendency in Belgrade towards sympathy with Germany; for, while this tendency had been fostered by economic necessity resulting from the blocking of Yugoslav export proceeds in Germany, an agreement which ranked Italy closely with Germany over the prostrate body of Austria could not be viewed otherwise than askance in Belgrade. Yugoslav opinion quickly sensed the dangers of a Croatia lured towards a German Austria, and of an Adriatic under the domination of allied Italian and German forces. The Bratislava meeting has strengthened the links of the Entente mainly

by economic and military provisions. The Roumanian and Yugoslav authorities have agreed, as a result of the preliminary visit of the Yugoslav Prime Minister, Dr. Stoyadinovitch, to Bucharest, that about 40,000 metric tons of Roumanian petroleum are to be delivered to Yugoslavia to bring her reserves to full strength. This will also be of great assistance to Roumania, for as a result of sanctions against Italy, Italy has drastically reduced her imports of Roumanian oil, despite recent favourable overtures from the new Roumanian Government to Rome. Moreover, whereas previously there had only been talk of Yugoslav imports of crude Roumanian petroleum for refinement in a German refinery (to be erected in Yugoslavia as "liquidation" of Yugoslav blocked marks), Yugoslavia has now agreed that the 40,000 tons are to be refined in Roumania against Yugoslav 6 per cent. Treasury bills of six years' duration. This agreement between Roumania and Yugoslavia postpones the need for any Yugoslav refinery for the Yugoslav naval and air force requirements, and thus arrests the tendency for Germany to penetrate Yugoslavia economically by the aid of withholding Yugoslavia's export proceeds in marks.

"Bolshevism" in Czechoslovakia.—All these facts hang together with the forthcoming visits of several Little Entente statesmen to Paris—whence, doubtless, financial assistance will be sought. On the military side, the long-debated bridge over the Danube at Turnu-Sevarin is at last to be built, and will open a direct strategic road between Bucharest and Belgrade. The opportunity was taken, both at the conference and in the communiqué which followed, categorically to rebut Herr Hitler's (and other Nazi leaders') assertions at the Nuremberg Party Rally that Czechoslovakia was being "Bolshevised" by Russia, and that Russia could dispose of Czech aerodromes under the Czecho-Russian pact of Mutual Assistance. The Czech authorities indignantly denied both statements, and the Entente's communiqué not only denied present foreign intervention in the internal affairs of each State, but proclaimed a common front against any future intervention. The Bratislava conference has thus effectively closed the Entente's ranks, so that, in foreign affairs at least, it stands at one State—and no insignificant one at that.

The Week in Palestine.—As we ventured to anticipate last week, the Government's despatch of General Dill, followed by a division of troops, to Palestine has so far failed to cause a complete collapse of the Arabs' strike and campaign of violence. The Arab Higher Committee have been forced to counter the British Government's statement of policy with a flat denial that General Nuri Pasha's mediatory intervention had had "no satisfactory result." They affirmed last week-end that their aims were to secure the Government's official recognition of General Nuri Pasha's mediatory status, and then to call off the strike. As it is, martial law seems to have come nearer, for the extremist Arab leaders of the campaign of violence have secured fresh supplies of ammunition and are building strategic block-houses in various key districts. Thus, while the Government's stern measures after more than four months' delay, may have succeeded in splitting the Arab movement as a whole, it remains to be seen whether law and order can be restored without a more or less prolonged guerilla campaign. Among the many drawbacks of such a campaign would be its potential effect on the phalanx of Arab States in the Middle and Near East. It would be regrettable if control of the Arab side of the dispute were slowly but surely to slip from the hands of the Arab Higher Committee, in proportion as the Committee's policy becomes more moderate and statesmanlike.

British Crops in 1936.—Long spells of unseasonable weather have severely hampered the British farmer this year. In the circumstances, the picture presented by the latest monthly report of the Ministry of Agriculture is surprisingly favourable. The corn harvest, the report

states, became general about the middle of the month, but harvesting is likely to be protracted owing to the difficulty of cutting crops which have been laid by the weather. In consequence of unfavourable weather during the growing season, the yield of wheat, at 16.7 cwt. per acre, is expected to be 1 cwt. per acre below the ten-year average, while the quality will also be inferior to that of recent years. Barley is probably the best of the corn crops, and the yield per acre is likely to be very little below the average. The area under barley showed a significant increase this year, and total production is anticipated to be in excess of last year's figure. The average yield of oats, at 14.9 cwt. per acre, is expected to fall short of the ten-year average by 0.9 cwt. per acre, and the total output will be appreciably below that of 1935:—

	Acreage		Production	
	1935 (acres)	1936 (acres)	1935 (Actual) (tons)	1936 (Forecast) (tons)
Wheat	1,772	1,703	1,623	1,422
Barley	792	819	656	659
Oats	1,418	1,417	1,138	1,056

Beans and peas are fair crops, but are yielding less than the average. For potatoes an average yield of 6 tons per acre is forecast; but in some areas disease is more prevalent than usual and doubts are entertained about the keeping quality of the tubers. The hay harvest was late owing to wet weather and had not been completed by the end of August. Much of the crop was seriously damaged and the general quality is often poor. By way of contrast, this year has seen a bumper crop of orchard fruit—principally apples and plums—but no official estimates are available of production in this section.

Overseas Trade in August.—Following the sudden spurt in British exports in July, the former trend of overseas trade reasserted itself in August, when imports again forged ahead while exports increased at a slower pace. The month's imports, in fact, at £66,057,087, were 11.7 per cent. above the level of a year ago, while British exports, at £35,258,115, show an increase of only 1.1 per cent. over August, 1935. Re-export trade, though less good than in July, showed an increase of 4.1 per cent. over last year's figure. The following tables give details for the past three years:—

OVERSEAS TRADE IN AUGUST
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	%
Total imports	59,971	59,146	66,057	+ 6,911	+ 11.7
British exports	32,080	34,883	35,258	+ 375	+ 1.1
Re-exports	3,302	4,186	4,356	+ 170	+ 4.1
Total exports	35,382	39,069	39,614	+ 545	+ 1.4
Excess of imports over exports	24,579	20,077	26,443	+ 6,366	+ 31.8
Transshipments under bond...	2,019	2,024	2,524	+ 500	+ 25.0

FIRST EIGHT MONTHS' OVERSEAS TRADE
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	%
Total imports	479,383	479,045	536,624	+ 57,579	+ 12.0
British exports	255,069	277,737	283,170	+ 5,433	+ 2.0
Re-exports	36,431	36,744	41,690	+ 4,946	+ 13.5
Total exports	291,521	314,481	324,860	+ 10,379	+ 3.3
Excess of imports over exports	187,872	164,564	211,784	+ 47,200	+ 28.7
Transshipments under bond...	15,651	15,818	17,784	+ 1,966	+ 12.4

Our visible import surplus continues to increase. The excess of imports over total exports for the first eight months of this year, is now £211,764,000, which is £47,200,000, or 28.7 per cent., bigger than a year ago.

BRITANNIC ASSURANCE COMPANY LIMITED
(Established 1868)
Annual Income : : : £8,200,000
Funds : : : £26,000,000
All classes of Life, Fire, Accident,
Motor and General Insurances transacted
Chief Office: BROAD STREET CORNER, BIRMINGHAM

Part of this increase, however, is attributable to larger imports of foodstuffs and of raw materials, such as timber, iron and steel, and cotton, which are essential to meet the growing needs of industry. Further, prices of crude foodstuffs and raw materials have recently shown a rising tendency.

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Trade by Commodities.—Changes in the more important of our retained imports last month, together with the August figures for the past two years, are shown in the following table:—

RETAINED IMPORTS Month of August			
Item and Measure	1934	1935	1936
Wheat.....'000 cwt.	7,906	7,024	7,283
Beef and veal.....'000 cwt.	1,111	1,320	1,179
Mutton and lamb.....'000 cwt.	634	505	440
Sugar (unrefined).....'000 cwt.	3,189	3,587	4,142
Iron ore and scrap.....'000 tons	400	403	630
Raw cotton.....'000 cwt.	956	555	1,061
Sheep's and lambs' wool.....'000 cwt.	142	177	177
Flax, hemp and jute.....'000 cwt.	16,325	17,329	21,758
Crude petroleum.....'000 galls.	44,750	45,617	50,565
Hide, wet and dry.....'000 cwt.	100	118	146
Wood pulp.....'000 tons	176	194	196
Rubber.....'000 cwt.	308	316	35
Unwrought copper.....'000 tons	7,998	11,825	15,463
Pig lead.....'000 tons	30,658	26,798	26,073
Tin.....'000 tons	4,127	3,421	4,033
Ore and concentrates.....'000 tons	1,101	1,450	382
Blocks, ingots, slabs and bars.....'000 tons	102	74	141
Iron and steel manufactures.....'000 tons	6,700	5,203	7,956

Wheat imports continue on a large scale, the most notable increase being from Canada and Australia. As a result of the failure of the wheat crop in the United States, imports from that country last month were nil. The decline in meat imports is due chiefly to smaller shipments of beef, mutton and lamb from New Zealand, whilst the rise in imports of raw sugar is accounted for by larger purchases from Cuba and the British West Indies. There was a fairly general increase in imports of raw cotton. The major part of the rise in flax imports was shared by the Soviet Union and Latvia. Larger quantities of iron ore, machinery and iron and steel manufactures have again been imported. Our non-ferrous metal purchases show an increase, with the exception of pig lead and tin blocks and ingots. The chief British exports are given below:—

BRITISH EXPORTS Month of August			
Item and Measure	1934	1935	1936
Coal.....'000 tons	3,269	3,451	2,754
Iron and steel scrap.....'000 tons	19,555	9,491	8,350
Pig iron and ferro-alloys.....'000 tons	13,843	12,077	10,056
Railway material.....'000 tons	28,865	20,135	21,137
Total iron and steel manufactures.....'000 tons	191,857	193,634	163,959
Textile machinery.....'000 tons	5,245	5,135	5,248
Total machinery.....'000 tons	26,139	28,653	28,243
Cotton yarns.....'000 lbs.	10,183	11,943	11,885
Cotton piece-goods.....'000 sq. yds.	168,743	160,557	158,985
Wool tops.....'000 lbs.	2,850	3,634	3,928
Worsted yarns.....'000 lbs.	2,527	2,503	2,166
Woolen tissues.....'000 sq. yds.	7,671	8,025	7,907
Worsted tissues.....'000 sq. yds.	3,343	3,946	3,889
Linen piece-goods.....'000 sq. yds.	5,354	4,492	6,563
Leather boots and shoes.....dozen pairs	33,337	30,494	27,110
Leather.....'000 cwts.	14,035	18,735	18,661
Paper and cardboard.....'000 cwts.	313,454	322,923	290,185
Locomotives (complete and parts).....'000 tons	632	1,191	1,064
Motor vehicles and chassis.....number	4,038	4,406	5,458

The fall in coal exports continues; there has as yet been no resumption of the coal trade with Italy, and a further loss of markets has resulted from the civil war in Spain. Exports of iron and steel manufactures, machinery and locomotives are lower, but home demand for these products continues at a high level. There has been a welcome improvement in exports of wool tops and linen piece-goods. The motor trade remains active, and exports of cars and chassis have shown a further advance.

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Prices Still Rising.—The commodity markets remain in a state of great activity. This week's turnover has been substantial, and the prices of many commodities have shown a strongly rising trend. At the London wool auctions, which began on Tuesday, for example, competition between Yorkshire and Continental buyers was keen from the outset. Both greasy and scoured merino qualities

realised as much as during the last sales in July, and cross-bred wool was unchanged to 10 per cent. dearer, according to quality. The firm tendency of wool prices was not unexpected; for stocks at manufacturing centres (except in Japan) are relatively small and this season's world clip will only be slightly larger than a year ago. In contrast, raw cotton prices tended to sag under the influence of hedge selling, despite the reduced estimate of the yield of the United States crop. Grain markets have been very active, following the reaction from the sharp rise in prices a month ago, and Liverpool futures (December) rose from 7s. 5½d. per 100 lbs. to 7s. 9½d. during the week. The renewed upward movement of prices was induced by the September forecasts of the probable yield of the North American crops, by reports of a shortage of rain in Argentina and Australia, and by a strong demand. According to the *Corn Trade News*, the Canadian harvest is likely to be the smallest since 1919, while world shipments since the beginning of the current season, at 7,640,000 quarters, show an increase of 27 per cent. over the corresponding period a year ago. While rumours of a shortage of wheat are unfounded, world supplies will probably be appreciably smaller this season. Hence some rise in prices was justified, and prices will probably be maintained well above the level of the 1935-36 season. The market in cocoa (discussed in a separate Note) has again been active and prices continued to advance under speculative buying. The volume of business in some of the principal non-ferrous metals was heavy. Despite the recent relaxation of copper restriction, prices continued their upward trend, and the latest statistics showed a further decline in world stocks. Lead, too, continued to advance in price and spelter was marked up on a good demand and renewed hopes that the Zinc Cartel may be resuscitated. The markets in tin and rubber, however, were subdued, as the Committees administering the rubber and tin restriction schemes are due to meet in the near future. In general, the upward trend of the prices of many raw materials and crude foodstuffs is evidence of a growing demand, intensified in some cases, such as wheat, by a reduction of world supplies.

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Iron and Steel Production.—Since the beginning of this year the iron and steel industry has operated practically at capacity. Certain sections, being unable to meet all requirements, have fallen in arrears with deliveries, though the stringency of semi-finished materials was eased somewhat by increased imports. The industry, therefore, welcomed the breathing space provided by the holidays. Pig iron production was reduced slightly from 21,326 tons per day in July to 20,509 tons per day in August, and the output of crude steel was curtailed by 1,170 tons per day to 34,908 tons per day in August:—

(In thousands of tons)				
Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average.....	855.0	638.6	185.9	414.1
1929 " ".....	632.4	803.0	235.2	364.9
1932 " ".....	297.8	438.5	132.7	157.4
1933 " ".....	344.7	585.3	80.9	160.2
1934 " ".....	498.2	738.3	113.9	187.8
1935 " ".....	535.5	820.2	96.0	197.7
1936—July.....	547.3	803.3	90.2	199.3
" August.....	543.4	759.9	74.3	193.6
" September.....	529.6	855.9	89.3	187.2
" October.....	544.3	907.3	101.2	224.0
" November.....	529.5	903.3	77.0	215.8
" December.....	559.3	811.5	118.0	180.3
1936—January.....	595.5	911.7	119.9	164.8
" February.....	584.7	938.5	123.2	167.8
" March.....	633.9	980.1	130.3	163.4
" April.....	629.8	984.2	120.8	177.5
" May.....	661.0	983.0	117.5	204.1
" June.....	644.1	965.9	110.6	173.5
" July.....	665.6	974.1	170.3	216.1
" August.....	635.8	872.7	141.8	164.0

Demand was so well maintained throughout August that producers found it impossible to build up a reserve to ease the situation during the autumn and winter. The lull in inquiries has been of short duration this year, and all indications point to a considerable increase of requirements during the autumn. The semi-finished section of the industry, though working at capacity, is finding it difficult to

meet current requirements. Many producers of finished steel are requiring increased time for the completion of orders. It is scarcely surprising therefore that the improvement in exports has not been maintained.

* * *

Sterling and International Prices.—The reaction of the prices of primary products from the high levels reached at the beginning of August has been followed by a renewed upward movement during the past fortnight. The rising trend of the prices of some of the principal materials, discussed elsewhere, is reflected in the advance of our price indices of British and American primary products. The more comprehensive British and American indices registered a smaller rise; for they include a number of semi-manufactured products, besides raw materials and crude foodstuffs. The official index of wholesale prices for France also advanced, mainly as a result of higher prices for domestic products, but the German index remained unchanged:—

SEPTEMBER 25, 1931=100								
Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Com- merce	Ger- many, Statistisches Reichs- amt	
	British Complete Index (sterling)	Primary Products British (sterling)	American (dollar)					
1932 July 27th.....	99.5	103.5	84.1	136.9	88.3	91.3	88.5	88.1
1933 July 26th.....	108.1	120.6	124.7	145.7	100.9	89.7	86.2	86.6
1934 July 18th.....	109.5	124.8	136.7	162.4	113.2	81.4	83.2	91.1
1935 Jan. 30th.....	110.8	124.6	152.4	167.2	118.3	79.1	85.6	92.8
Apr. 24th.....	110.5	124.5	151.6	169.1	118.6	78.2	91.7	92.6
July 31st.....	112.7	126.7	146.2	165.6	120.2	75.9	98.2	93.9
Oct. 23rd.....	118.4	133.6	144.9	169.4	123.7	79.1	107.3	94.6
1936 Jan. 1st.....	118.1	131.2	143.3	166.2	121.8	80.7	...	94.9
Jan. 29th.....	118.1	131.7	145.7	165.6	121.8	82.3	...	95.1
Feb. 26th.....	117.4	132.8	145.0	166.0	120.7	85.2	...	95.2
Mar. 25th.....	117.4	133.9	144.3	165.8	119.6	85.2	...	95.3
Apr. 29th.....	117.3	132.8	143.2	165.8	119.2	85.0	...	95.3
May 27th.....	115.5	130.1	140.5	164.3	117.7	85.2	...	95.4
June 24th.....	116.2	133.2	147.0	163.2	119.8	84.1	...	95.5
July 22nd.....	118.7	140.4	157.2	163.4	120.6	86.6	...	95.7
Aug. 5th.....	119.4	142.4	160.8	163.1	122.2	88.8	...	96.2
Aug. 19th.....	119.4	141.9	163.2	162.7	121.9	88.8	...	96.1
Sept. 2nd.....	120.6	141.3	159.3	162.7	121.4	89.5	...	95.8
Sept. 16th.....	121.7	144.6	162.3	161.9	122.0*	90.4*	...	95.8*

* These figures relate to September 9th.

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

"ECONOMIST" INDEX (1927 = 100)				
	Sept. 18, 1931	Aug. 19, 1936	Sept. 2, 1936	Sept. 16, 1936
Cereals and meat.....	64.5	77.0	79.7	80.7
Other foods.....	62.2	61.1	61.5	62.5
Textiles.....	43.7	61.4	61.1	61.4
Minerals.....	67.4	82.2	82.6	84.3
Miscellaneous.....	65.8	77.2	77.5	77.3
Complete index ..	60.4	72.1	72.8	73.5
1913 = 100.....	83.1	99.2	100.2	101.1
1924 = 100.....	52.2	62.3	62.9	63.5

It will be seen that prices rose over a wide front, for all the group indices, with the exception of the miscellaneous section, advanced during the past fortnight.

* * *

Speculation in Cocoa.—Since the beginning of 1936, quotations for cocoa have risen by about 40 per cent. As in the case of most other primary products, the improvement of consumption has effected a gradual reduction of the heavy stocks accumulated during the depression. According to the estimates of Messrs W. R. Grace and Company, of New York, world shipments of cocoa beans by producing countries rose from 542,000 metric tons in 1929 to 579,000 tons in 1933 and 675,000 tons in the past year. World consumption increased from 515,000 metric tons in 1929 to 553,000 tons in 1933 and 645,000 tons in 1935. As production rose further than consumption during the depression, world stocks of cocoa beans rose to 166,000 metric tons at the end of 1933. By the end of last year, however, stocks had been reduced to 150,800

metric tons, or about 24 per cent. of consumption in that year. Consumption during the current year is again expected to exceed shipments, but no shortage is in sight. Though some rise in prices may have been justified by the improved position, much of the recent market activity has been frankly speculative. In any case there seems no *raison d'être* for the international restriction scheme advocated not long ago.

* * *

Growth of Rayon Industry.—The consumption of rayon, stimulated by progressive improvements in quality and reductions in price, is increasing by leaps and bounds. According to the American *Rayon Organon*, world production of filament yarn rose by 22 per cent. between 1934 and 1935, from 769 million lbs. to 936 million lbs. The output of staple fibre increased by no less than 148 per cent. during this period, from 54 million lbs. to 134 million lbs. As a result, the proportion of world rayon production to the combined output of cotton, rayon, silk and wool has risen from 3 per cent. in 1932 to 6 per cent. in the past year. The United States and Japan produce about one-half of the world's total output. Before the depression, production in this country, though increasing rapidly, failed to keep pace with world output, but since then Britain's share has been maintained at about 12 per cent. British production of filament yarn rose from 87½ million lbs. in 1934 to 111½ million lbs. in the past year. During the same period the output of staple fibre was trebled, reaching 10 million lbs. in 1935. Meanwhile, the industry continues to expand in this country, as elsewhere. Last month production of yarn and waste reached a new record at 13.8 million lbs., compared with 10.9 million lbs. a year ago. Despite the unfavourable weather this summer, British manufacturers have experienced a good demand, which is expected to be maintained during the remainder of the year. It is understood that spinners of high quality viscose yarns, in particular, are scarcely able to keep pace with demand.

* * *

Self-Sufficiency in Petrol.—Last week Herr Hitler announced that the policy of self-sufficiency in raw materials and foodstuffs would be intensified during the next four years. Unfortunately, Germany is not the only country in which the fever of economic nationalism has taken hold; but so far none of them has achieved the same degree of independence of foreign supplies of petroleum products. A calculation made by Petroleum Press Service shows that although world output of substitute motor fuels has almost doubled since 1932, production in 1935 was still only 0.9 per cent. of that of crude oil. Substitution has been most marked in the case of light motor fuels, the proportion of world requirements satisfied by substitutes in 1935 being 2.6 per cent. But, as the following table shows, no less than 44.3 per cent. of Germany's consumption of light motor oils in 1935 consisted of substitutes:—

CONSUMPTION OF LIGHT MOTOR OILS IN 1935		
	Total Consumption (Thousand metric tons)	Of which Substitutes (%)
Germany.....	1,930	44.3
Czechoslovakia.....	235	21.7
France.....	2,685	13.2
Austria.....	143	7.0
Great Britain.....	4,400	6.6
Sweden.....	410	3.4
Italy.....	501	3.2
Spain.....	436	3.0
Belgium.....	360	2.2
Holland.....	400	1.0

Although Germany leads by a substantial margin in the production of substitutes for light motor oils, the tendency has been encouraged in recent years in France and Great Britain also. Nevertheless, the proportion of total consumption satisfied by substitutes in this country last year was still relatively small. Italy, which has practically no coal resources, has made little headway so far. The technical obstacles on the road towards self-sufficiency may not be insurmountable, but the cost of such a policy will be very heavy.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

REDUCTION IN BUDGET EXPENDITURE

THE remarkable maintenance of industrial activity through the summer months has invested the dividing date between summer and autumn—Labour Day (September 7th)—with less than its usual interest. Ordinarily that holiday is regarded as the boundary between summer inactivity and seasonal resumption. This year there has been no summer inactivity, and consequently there is less emphasis upon the prospect of autumn bringing marked increases. This does not mean that none are looked for; the motor-car industry is now in its transition period and presently will bring out its new models—and the motor-car is the biggest single seasonal item in our economy. But apart from that, the data of recent years indicate that seasonal forces have either become less important or have been submerged in the comprehensive cyclical upward movement.

It is now almost exactly two years since the present phase of recovery started. From the feverish boomlet of the spring of 1933 there was a slow relapse, in 1934 complicated by wide labour troubles, which brought the production index (unadjusted) for the third quarter of 1934 to an average of 73—only about 10 per cent. above the average of the year 1932. But from September, 1934, this index has risen without any substantial setback until July, 1936; and it is likely that August will show as high or higher figure than July. The average for the third quarter of 1936 will be approximately 40 per cent. or more above the average for the third quarter of 1934, and fully 30 per cent. above the average of the year 1934.

The presentation of an interim Budget estimate for the current fiscal year (1937) has aroused an unusual amount of interest:—

EXPENDITURE (\$'000,000)	1936 Actual		1937 Estimated	
	1936 Actual	1937 Estimated	1936 Actual	1937 Estimated
Regular Budget	4,429	5,368		
Bonus	1,673	560		
Recovery and relief	2,777	1,835		
	8,879	7,763		

From the recovery and relief expenditures of 1936 are deducted \$400 millions of realisations on loans and \$620 millions for 1937. The decline in recovery and relief expenditures (\$942 millions) is thus actually about \$200 millions less than the figures would suggest. The decline in the aggregate of expenditures (\$1,116 millions) is almost exactly the amount of the Bonus differential—about three-quarters of the Bonus being attributed to the fiscal year 1936. The so-called regular Budget indicates an increase (\$939 millions), a little greater than the estimated decline in recovery and relief expenditures. The largest single element in the decline in relief is in the disappearance of the Federal Emergency Relief Administration, while in the regular Budget the Social Security Act has led to an increase of almost \$400 millions. National defence, *plus* items listed as "War Department, non-military," required about \$200 millions more than in 1936. And the debt charge rose by \$250 millions, of which three-fifths are allocated to debt retirement. Whether one is more encouraged by the decline in the recovery, i.e. the emergency, and relief Budget or alarmed by the equal increase in the regular Budget, the fact remains that expenditures will be reduced by about \$1,100 millions—or the differential of the Bonus. This is not a final figure. The President suggested that relief expenditures might be increased by as much as \$500 millions.

Of these expenditures \$4,116 millions were actually covered by revenues in 1936, and the estimated revenues for 1937 are set at \$5,643 millions, an increase of almost 40 per cent. The income tax is expected to bring in \$900 millions more; the new Social Security tax over \$300

millions; the tax on carriers and their employees almost \$100 millions more; and the "windfall," or "unjust enrichment" tax, \$82 millions. So far in the fiscal year revenues are running about 10 per cent. above 1936.

However, so far as the data are concerned it would appear that the "reflation" aspect of the Budget is a thing of the past. Even if the public debt for one reason or another is increased by a sum three times the Budget schedule, it would be small in comparison with the \$5,100 millions increase of the past fiscal year. On the other hand, it seems that the period of taxation is beginning. Some doubt whether the present tax schedules, even given the increase in national income, will equal the estimate; but the steady rise in the regular Budget suggests that if these rates do not, the rates will be increased or more taxes found. It will be appreciated that no tax schedule applied to an economy, which has increased its rate of activity between 30 and 40 per cent. in the past two years, will be mathematically accurate. Except for the Bonus, one can say that the United States fiscal programme is to spend about the same amount, but to borrow less and tax more.

NEW "MARGIN" REQUIREMENTS AND WALL STREET

The Federal Reserve Board has published data which throw new light on the margin position of the New York Stock Exchange. Some 420 Stock Exchange firms carry margin accounts, and customers in July owed these brokers \$1,295 millions; at the same time other customers of the same firms had credit balances with these brokers, amounting to \$383 millions, of which \$96 millions came from short sales, commodity accounts, etc. In addition, security customers owed banks some \$2,040 millions against stocks and bonds. The total value of all stocks and bonds listed on the New York Stock Exchange (August 1st) was about \$96,000 millions, of which the listed shares were valued at \$54,000 millions. The increased margin requirements have been an effective deterrent to purely speculative trading, without having prevented an appreciation of security prices. It has probably had an influence in reducing the average daily turnover in shares, which during the past summer has been about 1,500,000. The reduction in the daily turnover has produced what are called "thin markets"; but on the whole the markets have been more "orderly" than they formerly were.

NEW YORK, September 8.

[Owing to an error in transmission the table in our New York Correspondent's letter, printed in our issue of September 5th, showing the "national income produced and paid out," contained certain misplaced items. The table should have been as follows:—

	NATIONAL INCOME PRODUCED AND PAID OUT (\$'000,000)				
	1929	1932	1933	1934	1935
Income produced	81,034	39,545	41,742	48,397	52,959
Total business savings +2,402	-8,817	-3,198	-1,776	-	-628
Business savings of individuals	+ 979	-2,451	- 402	+ 563	+ 815
Income paid out	78,632	48,362	44,940	50,174	53,587

A negative figure for business savings represents withdrawals from reserves.]

FRANCE

NEW SOCIAL CONFLICTS

THE temper of public opinion and M. Blum's threat, addressed to the Communists, to summon Parliament to decide on Spanish affairs, have induced the Communists and the trade unions to reaffirm their support of the Popular Front Government. The Communists have stated, moreover, that they will not continue to use the phrase "Front Français" which was disagreeable to their Socialist allies. And the trade unions, the attitude of which had been strongly influenced by the pending decision of

their English colleagues, would not go further than calling on M. Blum to summon the League to enjoin a strict observance of the non-intervention pact.

But no sooner had calm been re-established on the foreign policy field, than new economic grievances provoked fresh social conflicts and stay-in strikes, notably in the North. Actually, these strikes have never wholly ceased since June; but recent conflicts affected small firms only. The new strikes in the Northern textile area, however, concern more than 40,000 workers and threaten a general strike. The exact motive of the conflict is difficult to determine. No doubt certain elements among the employers and the workers are showing themselves unreasonable. But they are a minority. It appears that the employers must have signed the famous June 7th Matignon Agreements too rapidly, when the Government urged them to do so in order to escape at once from a revolutionary situation. Apparently the employers afterwards decided that the new charges which they had accepted were impracticable, while the workers complained that they had signed and that they must honour their signatures.

The present situation, difficult for big employers, is intolerable for medium-sized and small ones; and small employers, whose whole capital is represented by their factories, declare that they have been betrayed by the employers' associations. The conflict is thus a double one: It is between the Government and the so-called "200 families" representatives, and also between the large and the small employers. Moreover, the Matignon Agreements had a counterpart, which was the promise made by the Government to stimulate an economic recovery that would make the burden of the new social charges less heavy. But recovery is delayed, while a noticeable rise in prices and the cost of living undoubtedly justifies to a certain extent the new wage claims of the workers; and this is creating in the country an uncertainty which naturally impedes business recovery.

COMMUNISTS AND PRIVATE PROPERTY

Many employers in the textile industry are managing old family firms which have not adopted the joint-stock form. These directors are particularly vexed by the disappearance of "authority" in the factory as a consequence of the constant interference of the trade unions in factory management. The Communists repeat that their intention is not to attack private property. The textile employers retort that the disappearance of "authority" combined with that of social concessions, if supported by the Government, must amount to an attack on property—a policy which the Radical-Socialists would not accept. Of course, the textile industry, an export industry, hampered by high French prices, represents the French "depressed areas." Wages are extremely low, and the workers have been particularly affected by the recent increase in the cost of living. Employers are therefore justified in being particularly anxious about the final issue of an economic experiment in which a rise of prices, following a rise of wages, threatens to set up a most dangerous vicious circle.

But public opinion is not yet ready for a Parliamentary change. No doubt numerous citizens have changed their views since they voted heavily for the Popular Front six months ago. The civil servants, the veterans, the *rentiers* and the salaried classes represented the opposition to the former deflation. But the subsequent "reflation" and rise of prices is disquieting every consumer, i.e. the whole country, including those who have benefited from reflation, since the rise in prices threatens the increase in their real purchasing power. And this is dangerous in a country which has not lost the habit of saving and of bargaining on the city markets for "a sou." A new armistice on the Matignon Agreements will therefore be a momentary success for the Government, the fortunes of which are more and more dependent on a marked recovery of business.

Speaking of this recovery, M. Vincent Auriol, the Minister of Finances, in a speech addressed to the Stock Exchange this week, declared that the Government's policy was beginning to show its first perceptible results. The turnover of certain firms, he said, was increasing... the cost of living was rising less rapidly than wholesale prices... and the Stock Exchange was wrong to pay attention

to a series of stupid and harmful rumours, which ascribed to the Government an aggressive attitude towards property. On the contrary, the Government was considering a lowering of taxes on incomes from stocks and a better protection for saving; for, the Minister stated in words which remind one of the recent words of M. de Man at Brussels: "When business is active, the State is comfortable."

The Statistique Générale has just published its monthly figures showing industrial production in France (1913 = 100):—

	July, 1935	May, 1936	June, 1936	July, 1936
General Index	93	102	98	98
Engineering	95	102	102	102
Iron and steel	80	92	78	80
Textiles	67	67	60	58
Mines	98	103	94	103
Building (adjusted figures)	65	70	66	65
Leather (")	93	108	108	110
Paper (")	129	165	168	170
Rubber (")	760	985	970	961
Motors (")	412	464	425	418

In the motor industry, 15,503 motor cars and 1,898 lorries were put on the road in July, compared with 12,673 and 1,514 in June. The figures for the cotton industry were as follows:—

	April, 1936	May, 1936	June, 1936	July, 1936
Spinning (average per spindle in kilograms):—				
Production	1.698	1.581	1.348	1.606
Deliveries	1.733	1.638	1.440	1.704
Stocks	1.763	1.717	1.652	1.652
Unfulfilled orders	5.639	5.856	5.557	5.069
Weaving (average per loom in pieces of 100 metres):—				
Production	5.16	5.49	5.08	5.46
Deliveries	5.08	5.68	6.05	6.23
Stocks	8.14	8.14	7.50	6.74
Unfulfilled orders	25.96	26.98	25.32	22.02

The figure for bankruptcies in August was 550, against 619 in July and 720 in June; bankruptcies and judicial liquidations were 718, against 841 in July and 987 in June.

PARIS, September 17.

GERMANY

FOREIGN POLICY AND WELTANSCHAUUNG

ALTHOUGH the Nuremberg Party Congress, which concluded this week, is officially called a Congress of "Honour," it was concerned almost exclusively with questions of foreign policy. This applies to the announcement of a Four Year's Plan for increasing the production of raw materials; for this kind of autarky, which is economically wasteful and which, if currency and foreign-trade methods were sound, would not be necessary in a peaceful world, finds a real justification in the expectation of war. Of the Four Years' Plan no details were given. The Plan will presumably be put through with tariffs, state credits, bounties and monopolies. This means that the methods of the past four years, which from the viewpoint of the volume of production were satisfactory, will continue. There is little doubt that Germany can make herself entirely independent of foreign materials and thereby eliminate a main factor of weakness in war.

The Colonial question is also foreign policy. It is noteworthy that the Reich Government for the first time spoke of "colonial demands," although no demands have been made. Until now German Colonialism has been organised as a sort of Irredentism, little differing from the Irredentism pursued with regard to German-speaking minorities in neighbouring countries. It is a novelty, however, that although the British mandated territories were long almost exclusively the object of this Irredentism, new official and officially inspired utterances speak of the restoration of the former colonies without any limitation. "Demands" in this sense would have to be addressed to several Great Powers, most of which would certainly reject them. Herr Hitler's words aroused expectations in financial circles; and on the Bourse the five Colonial securities officially quoted rose very sharply.

If literally read, and taken seriously, the Ministerial utterances on other international questions at Nuremberg

might be called alarming, and it seems that they have been so taken abroad. They were actually dominated almost entirely by considerations of *Weltanschauung*. This unlucky word is now commonly used by Germany for all foreign issues—newspapers even describe alleged differences in South-East Europe about the construction of strategical railways as a *Weltanschauung* dispute. The Nuremberg speeches might seem to indicate that Germany is resolved not only to protect her notions of good government at home but to enforce similar notions on the world generally. That at least is the German view of the utterances about Communism. It is affirmed that Germany is resolved to "annihilate" Bolshevism. This ambition, of course, involves not only an attack upon Russia but the suppression of the Communist parties in democratic countries. That such designs are held might be induced from Herr Hitler's speeches, in which, while little was said about Bolshevism, vehement attacks were made upon the world's democratic governments. These were described as being on the downward path to anarchy. Herr Hitler expressed his view that democracy is inevitably an intermediate stage on the road to disorder. Indeed, through the mouth of Dr. Goebbels, the Congress learned that London contains "millions" of citizens who in consequence of their "social misery" under a democratic government are ripe for Communism.

"LITVINOFF LIES"

It seems, therefore—again if oratory is taken literally and seriously—that the Third Reich's *Weltanschauung* campaign would involve very extensive military operations. But, while Nuremberg—taken literally—means that Germany holds herself able to enforce her own system of government on other countries, the same Nuremberg—also taken literally—proclaimed that she does not want to do this at all, and is terrified lest other countries enforce their systems of government on her. In fact, one can take out of Nuremberg, as out of most Third Reich demonstrations, anything one pleases; and perhaps the best way would be to regard the Congress of Honour as one regards the Iron Maiden in the citadel close by, which, with its torture spikes, thrills innocent tourists, but which, according to accepted history, was not made for use. It might, indeed, be alleged that the language used at Nuremberg about foreign, and by no means only Russian, politics and persons, hardly conduces to international peace; and certainly the words "Litvinoff lies," as one Government's comment on another's statements to the League of Nations, betray a mild asperity. But the establishment in diplomacy of a totalitarian standard of verbal truculence may have advantages. Abuse, events have proved, no longer leads to diplomatic rupture, or even to protest; and as the resources of language cannot be strained further in the future, the world may feel delivered from one possible cause of war.

Owing to bad weather, a part of the cereals crop had not been harvested by September 1st; but the condition of fodder and root crops improved during the month. The number of unemployed declined in August by 72,000 to 1,098,000. The Reich Unemployment Board considers that the shortage of skilled labour in certain industries is the result of compulsory military service, and believes that it will be aggravated by the extension of the service term to two years. Labour is now short in the clothing branch. A controversy, official or semi-official on both sides, about the advisability of permitting a rise in wages is under way. The prices of certain foodstuffs have again risen.

The steel industry is active. Deliveries of Spanish ore, which is mostly used for hematite production, have practically ceased; and the insurgent generals have stopped the shipment of Morocco ore owing to a German rejection of their demand for cash payment. A Reichkohlenverband report shows an increase in the volume of coal exports in 1935 of nearly 26 per cent. as compared with 1934, and of 47 per cent. as compared with 1932. The figure for 1935 was 30,692,000 tons. In the same time, the value (c.i.f. to the German frontier) rose only from Rm. 269,262,000 to Rm. 281,847,000. The toy industry reports a revival of exports. Textiles were more active in August, but there was a continued shortage of raw cotton. New restrictions

have been imposed on trading in yarns made of mixed cotton and substitute materials. The Nitro Syndicate reports a sharp increase in output.

Money last week was in heavy demand, partly owing to the quarterly income-tax liability. Reich Treasury bills and bank acceptances were thrown into the market. This week conditions are easier, and on Tuesday the day-loan rate fell to 3-3½ per cent.

BERLIN, September 15.

SPAIN

THE CABALLERO GOVERNMENT

THE new Government has produced a good effect. Some of its members are unknown quantities, but others are men who have already shown themselves to be of considerable capacity. It is interesting to note that of the six Socialist Ministers, four belong to the Right Wing of that Party; that is to say, to the sector which stands nearer to the Republicans than to the Communists. These four are: Sr. Indalecio Prieto, Dr. Juan Negrin, Sr. Angel Galarza and Sr. Anastasio de Gracia. Only Sr. Caballero himself, the Prime Minister, and the Foreign Minister, Sr. Julio Alvarez del Vayo, belong to the Left Wing of the Party.

This is interesting in so far as it shows that only four members of the Cabinet, two Socialists and two Communists, can be said to hold political views of a really radical character. Of course, in this peculiar mixture of civil war and revolution not all the initiatives start from the Government. Often the Government has only to make good or to legalise steps already taken. The absence of a member in the Cabinet representing the anarcho-syndicalist groups is somewhat strange. Of course, the traditional policy of the National Labour Confederation and its affiliated Iberian Anarchist Federation has always been to avoid any direct connection with politics, but this has not prevented them from placing representatives in the Generalitat of Catalonia and in the Committee of Defence in the Basque country. Their absence from the new Cabinet in Madrid would appear to be due rather to differences of opinion between the various groups of Anarchists as to who should be their representative.

In the explanation of this absence published in the newspaper of the National Labour Confederation, it is claimed that the Anarcho-syndicalists asked for and obtained from the Government a promise that committees on which all workers and political organisations connected with the Popular Front should be represented should be established in each Ministry. So far the Government has, however, made no comment on such an interesting innovation.

FOOD SUPPLIES IN MADRID

The Government has only one primary mission, and that is to win the war; a task which is likely to absorb all its energies for some time to come. This does not, of course, preclude the adoption of social or economic proposals which might also have a political effect. One point to which attention will have to be turned soon is the question of the rationing of the food supplies in Madrid, which is not being at all well handled by the City Council. Instead of introducing a system of rations in order that the supplies, which are on the whole ample, should be divided evenly, the distribution of supplies received is left to the retailers, with the result that some persons buy excessive quantities, while other families go short.

The new Finance Minister, Dr. Juan Negrin, is well known in Madrid. He is a professor of the Madrid University and a director of a laboratory for medical analysis; and from 1931 until 1933 he was chairman of the Budget Committee of the Chamber of Deputies. He has lived a good deal abroad and speaks French, German and English. It may be doubted whether the Left Wing of his Party, the Socialist Party, feels any great enthusiasm over his appointment; but this is not considered the moment for any far-reaching social transformation.

Probably no party or organisation is getting so much advantage from the present situation as is the Communist

Party, which, as recently as twelve months ago, really meant nothing in Spain. The Communists find themselves in the—for them—happy position of having a definite attitude towards all the various problems which arise in these dramatic moments. This is not necessarily an attitude or viewpoint which does not need modification or adaptation to the circumstances prevailing here in Spain. There is bound to be a great deal of woolly thinking at such a confused moment in the nation's history. Many politicians are frankly quite out of their depth. The Communists are therefore, with at least a general policy to guide them, are able to make hay while the sun shines at the expense of allies who are far less clear about where they are going or even where they want to go.

MADRID, September 8.

SWEDEN

A CRUCIAL GENERAL ELECTION

THE General Election campaign, which is now in full swing, is progressing in a peaceful atmosphere, and a foreigner would hardly realise that in a week's time there will take place an election which may possibly change the economic structure in Sweden. The crucial question is whether the Social-Democrats, who now hold 112 seats out of the 230 in the Riksdag, will be able to secure the extra four seats necessary for an absolute majority. The prevailing opinion is that the Liberals might gain a few seats from the Conservatives, but that the *status quo* of the two main groups, Social-Democrats and others, will be maintained. The war cry of the other parties, including the farmers, is: no State interference in the free economic life of the country. Social-Democrat speakers are emphasising the striking recovery which the country has undergone during the last four years, when they were in office. The idea of a "Popular Front" has never even been considered in Sweden, and attempts by Communists to organise a united Socialist front have completely failed.

Meanwhile economic conditions continue satisfactory, and so far no signs of a slowing down of the boom can be discerned. Building activity continues to be lively, though not quite so much so as in the past year, owing to a slight slackening in the construction of residential buildings in the bigger towns. The situation in the timber market is gradually improving as a result of better foreign demand and higher prices; and at the end of August exports totalled 725,000 standards, compared with 620,000 standards at the same time in 1935. Timber exports to Great Britain during the period January-May totalled 96,752 standards, against 75,200 standards in the same period of 1935. As usually in August, the pulp market was less brisk, but the outlook for the future is good. The paper industry reports very satisfactory activity. The iron and steel industry is working at full capacity, but prices continue low in accordance with the policy of the international steel cartel.

Contrary to expectations, the foreign trade figures for July showed a slight import surplus. But compared with the past year there has been an increase in exports of about Kr. 20 millions, thanks to better sales of Sweden's staple exports. Foreign trade figures for the first seven months of the current year are as follows:—

(In million kronor)		
	1935	1936
	January-July	January-July
Imports	790.2	888.1
Exports	682.8	789.5
Import surplus.....	107.4	98.6

Trade with Great Britain has moved as follows:—

(In million kronor)		
	1935	1936
	January-June	January-June
Exports to U.K.	142.3	159.0
Imports from U.K.	132.7	142.2
Export surplus.....	9.6	16.8

It was probably this increase in the export surplus to

Great Britain that gave rise recently to an article in the *Daily Mail* in which a modification of the present commercial Treaty with the Scandinavian countries was urged. To this the answer was given in a Swedish economic weekly, by a high official of the Board of Trade, that in 1936 Swedish imports from Great Britain were 70 per cent. higher than in 1933, before the present treaty came into force. If figures for the first half of the current year show a growth of the export surplus compared with 1935, this was mainly the result of the threat of a coal strike in Great Britain at the beginning of this year, which prevented Swedish coal firms from getting their necessary supply of British coal.

UNEMPLOYMENT STILL FALLING

Unemployment continues to drop, and during July the total fell from 25,500 to 21,000. This is the lowest figure since 1930. There is still a keen demand for agricultural workers and a shortage of hands in the timber industry. Shortage of skilled workers is also reported from the engineering industry.

The wheat crop showed a slight decline of 350,000 quintals to 4,970,000 quintals, and the rye crop of 600,000 quintals to 3,630,000 quintals.

The money market has been increasingly easy. Bank advances have been declining, and bank deposits and cash holdings rising. The "surplus" of advances over deposits was in July only Kr. 102 millions, which is probably a low record in the history of Swedish banking. The note circulation fell during July by Kr. 12 millions to Kr. 780 millions. For the time being the Bank of Sweden has discontinued its gold purchases, and the gold reserve remains practically unchanged at Kr. 433 millions. The stock market has lately been dull in anticipation of the General Election.

STOCKHOLM, September 10.

DENMARK

GOVERNMENT'S SUCCESS IN SENATE ELECTIONS

THE election to the Senate took place yesterday, and the result was at once a sign of the popularity of the present Government of Socialists and Radicals and a vindication of its policy of moderation. The position of the Government has been strengthened, and it is evidently more widely supported even than when it came into power in 1929. There is a possibility, from the results so far published, that the Government parties will obtain a majority in the Senate as well as the Lower House.

As from September 1st Danish bacon exports to Great Britain have been subject to another unwelcome cut of 12 per cent.; and they now amount to only 55,000 pigs per week, or less than one-half of what they were in 1932 when the quota system was introduced. In terms of money the latest cut will mean 30 million kroner per annum.

For the first six months of the present year Danish industrial exports have experienced various unforeseen difficulties. First of all the growing financial difficulties of Spain resulted in the freezing of considerable outstanding credits and a gradual stoppage of industrial exports to that country. Another setback was the influence of the sanctions imposed on Italy, in causing non-payment of goods delivered and interruption of trade. Moreover, the great Danish lock-out in March, the imposition of new restrictions on various overseas markets and further delays caused by negotiations about trade agreements have supplied further impediments. The German export policy in Europe as well as overseas has been fatal to Danish exports in a number of cases where under normal conditions Danish exporters would have secured orders. Although a large percentage of Danish industrial exports go to Great Britain, Germany, Sweden and Norway, any increase of industrial exports has to be made in the fifty or sixty markets all over the world where to a smaller or larger degree an outlet for Danish industrial products has been found. During the first six months of the present year, therefore, in spite of

improved world conditions, the value of Danish industrial exports has only increased from 142 to 147 million kroner.

An important improvement of the facilities for unloading and storing lubricating oils, petrol, etc., in the port of Copenhagen has resulted from the opening of the new oil port. The port itself has been constructed on a now dismantled fortress, the "Provestenen," south of Copenhagen; and a concrete embankment with carriage-way and railway track is maintaining the connection with the mainland. There is a depth of 9 metres of water along the quays, and vessels up to 10,000 gross tons can berth there. The tourist season has this year been a little better than last year. About 58,000 foreign tourists visited Denmark, against 46,000 last year; and it is estimated that they have spent about 31 million kroner in this country.

COPENHAGEN, September 16.

CANADA

REVISING THE OTTAWA AGREEMENTS

THE Prime Minister, Mr Mackenzie King, sailed from Quebec to-day in the "Empress of Britain" for Europe, where he will attend the Assembly of the League of Nations and perhaps sign new trade agreements between Canada and the United Kingdom, and possibly with several continental countries, including Germany, Holland and the Soviet Republic. During the past few days the Dominion Cabinet has been examining proposed pacts with these countries. It is believed that Canada will make valuable concessions to the United Kingdom in order to retain the substantial preferences which the Mother Country accorded this Dominion in the Ottawa Agreement of 1932, as a result of which Canadian exports to the British Isles have increased by more than \$100 millions annually. It is well understood in Ottawa that the British are not satisfied with the pact of 1932, when Mr Bennett took advantage of their ignorance of the tariff game and drove a hard bargain with them. Examination of the trade returns shows that while the volume of Canadian imports from the United Kingdom and from all Empire countries has increased, there is a decrease in the British percentage of the total imports from all countries. At the same time, Canadian imports from the United States have not only increased in volume, but the percentage of imports from the United States has increased from 55.8 per cent. in 1935 to 57.9 per cent. in 1936.

In the new agreement which Canada is making with Great Britain, worthwhile preferences are being accorded to British manufacturers of iron and steel products and textiles, and it has been possible to grant these favours without impinging upon the new trade agreement with the United States, which came into effect last January. Within the near future, efforts will be made to revise the trade agreement between Canada and Australia and Canada and New Zealand.

Mr King departs for Europe amid an agitation on the platform and in the Press of Canada for a more adequate defence policy. The furore was started by Lord Elibank, a British industrialist, who in a speech at Toronto recently urged that Canada should take steps to meet a hostile air raid. The British peer was sharply criticised by Mr Mackenzie, the Canadian Minister of Defence. Led, however, by the *Toronto Globe*, the chief Liberal newspaper of Eastern Canada, the Press rushed to the defence of Lord Elibank and turned loose a terrific barrage against Mr Mackenzie and the Liberal Government at Ottawa, claiming that the Dominion had been sponging long enough on the Mother Country and calling for the creation of an effective defence force. Lord Tweedsmuir, the Governor-General, added fuel to the flames by declaring in an address to the Alberta Military Institute at Calgary that "No country is safe from danger. Canada has to think out a policy of defence and take steps to implement it."

Some \$25 millions have been appropriated for national defence this year, which is several million dollars more than was voted annually during the regime of the late

Bennett Government. The Federal Minister of Finance anticipates a deficit of \$100 millions during the present fiscal year, including perhaps \$40 millions for the Canadian National Railways, which will have a small operating surplus, and \$30 millions or \$40 millions for unemployment relief and assistance for the drought-stricken farmers of Western Canada.

Quebec's Liberal Government was overwhelmingly defeated in the recent General Election, after holding office for nearly forty years. Maurice Duplessis and his National Union Party, embracing Conservatives and insurgent Liberals, captured 75 of the 90 seats in the Legislative Assembly; and huge majorities were registered for the Union Nationale Party in protest against a series of scandals which recently forced the resignation of Mr Taschereau, who had been Premier of the Province for fifteen years.

Economic conditions in Canada have improved very materially during the summer months, and the Dominion is climbing out of the depression by means of a golden ladder. It is estimated the nation's gold production this year will reach \$135 millions, the highest in the country's history. Another gold mine is the tourist traffic, which is estimated to yield \$275 millions this year, as compared with \$202 millions last year. It is reckoned that 400,000 tourists will have visited the famous Dionne quintuplets before the season is over.

MR ABERHART GOES AHEAD

Doubts that Alberta's Social Credit plan would go ahead may be said to have vanished with the official estimate that 80 per cent. of the persons on the voters' lists have registered in order to qualify for the monthly dividends which have been promised by Premier Aberhart. This is considered satisfactory, since only 54 per cent. of those who voted in the Alberta Provincial elections voted for the Social Credit Party. But Mr Aberhart now says that he did not guarantee \$25 a month to every adult citizen of the Province, and he is talking of starting the plan with monthly payments of \$5 or \$10. Many people have refused to sign the covenant agreeing to turn over half of their production in exchange for Alberta credit if required.

The Western harvest, which is now certain to be not more than 200 million bushels of wheat, will be disappointing to the railway companies in the matter of freight tonnage; and the Federal Exchequer will be called upon once more to meet a deficit of \$30 millions or more on the Canadian National system. The prairie grain-growers will benefit by the advance in wheat prices, and the Government will be able to get out of the wheat business without loss, thanks to this year's curtailed crop and the gradual reduction of visible supplies. It is now officially announced that Canada's wheat carry-over at the end of the crop year, July 31st, totalled only 108,747,059 bushels, compared with 203,273,016 bushels a year previously. The 1936 carry-over is the lowest since 1929. The average for the five years 1931-35 inclusive was 174,985,451 bushels. The peak was recorded in 1933, when the carry-over was 211,740,188 bushels.

OTTAWA, September 12.

SOUTH AFRICA

RECORD BUSINESS FIGURES

NEW records are still being made in various departments of mining, financial and industrial activity in South Africa. Banks' clearing house returns are the latest to supplement previously published statistics of the country's recent phenomenal development. For the first six months of the present year the clearing house returns for Johannesburg alone total £264,165,142. The clearing house returns for this and other centres, together with corresponding figures for the six months ended December, 1932, indicate the remarkable expansion of the country's business since its departure from the gold standard.

	Banks' Six Months' Returns Period ending	
	Dec. 31, 1932	June 30, 1936
Johannesburg	106,446,139	264,165,142
Cape Town	30,191,259	45,511,588
Pretoria	26,339,438	42,279,678
Durban	25,439,981	37,030,032
Port Elizabeth	9,040,064	15,053,451
East London	3,976,602	6,226,631
Bloemfontein	1,921,125	3,514,633
Totals	203,354,608	413,781,155

In each case the figures show a steady advance from the "gold standard" period to the present time. But the Johannesburg figures are the outstanding evidence of the prosperity that has developed in the last four years and which in many respects will be found reflected in the Empire Exhibition which opens here on September 15th. This enterprise will represent an aggregate expenditure, up to the opening, of not less than £2,000,000, and its promoters claim that it will challenge comparison with any previous Exhibition of its kind anywhere in the world.

July established yet another record in the matter of company registrations. In that month the registration office at Pretoria (which deals with the returns for the whole Union) approved 148 new applications, thus exceeding the highest totals reached in March and June by six and 27 additional applications respectively. The average number of registrations during the first six months of the year was 119, compared with an average of 100 a month last year. July registrations, however, although a record in number, represent capital of only £2,115,726, against an aggregate of nearly £7,500,000 represented by the registrations in May and of £6,738,800 in June. Besides the new registrations in July, 26 companies increased their capital by over £1,000,000.

The gold mining industry also achieved some new records in July. The value of the Transvaal gold output reached the unprecedented figure of £6,703,351, while in ounces the output (967,993 fine ounces) is the highest since the Union's suspension of the gold standard at the end of 1932. The actual record production was in August, 1932, when it reached 991,322 ounces; the average recovery per ton of ore then was nearly 6½ dwts., whereas it is now only 4½ dwts. per ton. Another new record established by the gold mines was in the native labour force, which reached the total of 292,500 working on the Witwatersrand mines.

RAPID INDUSTRIAL DEVELOPMENT

The Census of Industrial Establishments (excluding mining) for the year 1933-34 has just been issued. The previous Census covered part of the depression period; so that the returns under review claim "to give a clear measure of the industrial expansion which has been taking place." Briefly, in the year covered by the present report there was an increase in all industries of 861 establishments, 15,059 European and 21,960 non-European employees, £20,443,000 in gross output and £8,476,400 in "value added to materials" (as the reports described the value of processes of manufacture). European employment in these industries has at last passed the 100,000 mark; and although the gross value of production was nearly £2,000,000 short of the 1929-30 record in value, it probably exceeded it in volume by about 15 per cent., owing to lower prices. Excluding Government undertakings such as railways and those of local authorities, the gross value of output of industrial establishments for the year is returned at £99,507,724; from this has to be deducted £51,329,379 value of materials used, leaving as "value added" by the process of manufacture a figure of £48,100,000.

Interesting details of the development of insurance business in South Africa are furnished in the summaries of returns deposited with the Treasury by insurance companies during the year ended December 31st. The statement of life insurance business (excluding annuities and of bonus additions) shows that for the last financial year for which figures are available operations were as follows.

	South African Companies	Other Companies
New policies issued	40,198	20,772
Sum insured	£18,342,737	£12,622,084
Annual premiums	£579,355	£440,230
Policies existing at end of year (number)	243,772	107,587
Sums insured	£108,757,718	£60,059,512

Industrial insurance business returned by three companies domiciled in the Union, show a total of 120,959 new policies issued during the year, representing a total sum insured of £2,618,759, with annual premiums amounting to £157,593.

JOHANNESBURG, September 1.

LETTERS TO THE EDITOR

"PLANNING" AND CHANGE

TO THE EDITOR OF THE ECONOMIST

SIR,—Sir Josiah Stamp's address to the British Association last week, far from convincing me that planning offered no solution for the many problems arising out of change, convinced me most forcibly that the only hope of finding such a solution lay in some form of planning.

People are horrified at the thought of planning because of the encroachment on individual liberty which the term seems to imply. What they do not seem to realise, however, is the enormously important part which social and economic environment plays in the moulding of their habits. If they did, they would be less worried at the prospect of losing some of their quite fictitious liberties. Further, they are too ready to believe in the harm which large-scale planning does, while they ignore the good. Sound planning is essential to any successful enterprise, and this is no less true of the largest forms of enterprise than it is of the smallest forms. In fact, the larger the enterprise, the more essential it is that it should be preceded by sound planning.

The usual argument against the largest forms of enterprise is the difficulty of personnel. This is an argument which can be used with especial force against economic planning. Who are the planners to be? What is to be the system of election? That, I suggest, is a useful problem to which the scientist might apply his mind. Until, however, I am satisfied that the problem is insoluble I shall be very loath to accept it as an argument against planning.

It is hardly fair to argue that planning deals mainly with the known. It is founded on the known, of course; but that surely is a very different matter. After the scientists have been mobilised under the direction of Sir Josiah, the known will include much which, put at the disposal of a properly co-ordinated planning body, will be of immense social value, but which in the absence of such a body will almost certainly misfire.

The chief difficulty which stands in the way of the acceptance of planning as the logical successor of the present unco-ordinated system is the prejudice which not unnaturally exists in the minds of people against anything which flavours of an autocracy. Social and economic planning, if it is to produce the results desired of it, must combine the fair-mindedness of a democracy with the efficiency of an autocracy. That is a difficult combination to achieve, but it is one which must be achieved if we are successfully to combat the growing forces of social disintegration.

I am,

Yours sincerely,

46 Beverley Court,
Chiswick, W.4.

W. L. B. FAIRWEATHER.
September 14, 1936.

LEADERSHIP AND PUBLIC OPINION

TO THE EDITOR OF THE ECONOMIST

SIR,—Mr Harrison Barrow has somewhat missed the point of my letter which he seeks to confute by a defence of the Pacifist position and a recital of the mistakes made in the treatment of Germany since the War. It is, however, the present dangerous situation with which I sought to deal, a situation which Mr Bevin has remarked may mean temporarily "burying some of our cherished feelings in the past."

Since you published my letter, Mr J. M. Keynes has written as follows to the Editor of a Left Wing contemporary:

Now that you are minded to criticise the Government for having recently avoided at least three suitable opportunities for risking war, you underestimate the effect on others of the pacifist movement of the past ten years . . . The dominating factor behind this country's policy is not the malice of the "anti-reds," but the blind determination of the average man to keep out of war, including preventive wars, and out of threats of war.

I believe Mr Keynes is profoundly right. If we are going to change the country's policy, the attitude of the average man must be modified as well. Labour opinion is emphatic that circumstances appear to demand a change of policy, and it is most important that labour should play its part simultaneously in modifying public opinion. It would be calamitous if such momentous matters as rearmament and improved recruitment to the Regular and Territorial Forces were dealt with on a party basis. May I again therefore support your proposal that "the situation in Europe is now grave enough to warrant consultations between representatives of all parties in Great Britain."

Yours truly,

Northfield,
Birmingham.

L. J. CADBURY.
September 17, 1936.

BOOKS AND PUBLICATIONS

SOCIAL-DEMOCRACY IN SWEDEN

IN the coming week the Swedish electors will vote at a General Election which will decide whether the Social-Democrats who have ruled Sweden during the last four years of recovery are to obtain an absolute majority. All who are interested in Sweden's remarkable economic and social achievements should read Mr Childs's instructive and thoughtful book,* which may be regarded as, in many ways, a supplement to Mr Brinley Thomas's recent book on Swedish monetary policy. The theoretical discussion and statistics which made Mr Thomas's study so valuable are, in Mr Childs's book, replaced by abundant historical and descriptive material acquired at first hand. The author was so much impressed by the high standard of living, social stability and rapid recovery from depression in the Scandinavian countries that he visited Sweden to discover for himself the secret of these favourable features of Scandinavian life, and, in the present book, he publishes the result of his pilgrimage.

Sweden, according to Mr Childs, has attained the ideal compromise between individualism and socialism—hence the title of the book. Capitalism has been kept in working order because its abuses have been checked. "The degree of *laissez faire* that has continued to exist in Sweden is, in a manner of speaking, hot-house *laissez faire*. It exists under a bell-jar. The State, the consumer and the producer have intervened to make capitalism 'work' in a reasonable way for the greatest good of the whole nation." The basis of the success of Swedish economic life is, fundamentally, the character and homogeneity of the people, the geographical situation safe from the war-clouds of Central Europe, and the political and social stability of the nation. The success has been obtained principally by the encouragement of consumers' co-operation in retail and wholesale trade, industry, housing, and public utilities, and by the public control or operation of monopolies, which the author appears to regard as the most dangerous enemies of uncontrolled capitalism. The co-operative enterprise and public monopolies are fully described, with many interesting illustrations.

The peculiar mental qualities that have enabled these methods to curb the abuses of individualism without the introduction of full-blooded socialism are said to be a spirit of empiricism and eclecticism; and it is further stated that it is because of the presence of this spirit that the Swedish "contribution to political and social thought has been slight." In view of the rich output of Swedish economic literature, this statement is scarcely fair, unless economics is not regarded as one of the social sciences. An alternative opinion, no less plausible, would be that the great success of Swedish economic policy is largely due to the attention which has been paid by statesmen in that country to the advice of professional economists, and to the vigorous theoretical dialectic that has usually preceded practical action. Readers who wish fully to understand the Swedish situation should, on these matters, refer to Mr Thomas's book, where they are fully discussed.

On the more topical question of Sweden's recovery from depression, Mr Childs is, in some ways, more sceptical than Mr Thomas, because he attributes a larger part of the recovery to external influences than to domestic monetary and financial policy. He is inclined to discount the efficacy of the expenditure on public works, of which so much has been heard in the British press, and points out that "before the Government's large-scale work relief programme could be put into operation, private employment had begun to show a marked improvement." The purchasing power of consumers was maintained by the strength and reserves of the trade unions, the low import duties, and the early revival of the export trade. The export trade revived principally as the result of the British building boom, which, in its turn, was largely caused by the low price of food as well as cheap money; so that it may be argued that Sweden owed her early and rapid recovery partly to the depression in the

agricultural world. The stability of the Swedish currency was the result of its being linked to sterling rather than to internal monetary policy.

Mr Childs, on the whole, agrees with this explanation of the recovery, but he insists, rightly, that Sweden would not have been able to make the most of her favourable opportunities if her own internal organisation had not been satisfactory. Sweden has been lucky; but "luck comes only to those who are ready for it, and Sweden, even through the war and difficult post-war adjustment, has kept her economic house in order."

SHORTER NOTICE

"Hitler the Pawn." By Rudolf Olden. Gollancz. 420 pages. 12s. 6d.

Mr Rudolf Olden was political editor of the *Berliner Tageblatt* when it was a free and independent paper, and his book is written with the disillusion of a German who believed in a different Germany.

America had lent Germany milliards (he writes), but to which Germany? It had been a strong pacific republic, the Germany of Stresemann. The country of threatened revolution with its menace of national-socialism inspired no confidence. One dark day creditors reached the only conclusion possible. The banks closed their counters, undertakings collapsed, restricted their activities, and cut down business. All hopes, confidence and enterprise vanished.

Mr Olden gives a vivid and devastating picture not only of the third Reich but of the timid and much-tried German Republic in which the Third Reich lay dormant for fifteen years. Even without Hitler he thinks "the German Republic would have fallen a prey to national reaction, to the desire of revenge of the officers and moneyed classes," but with Hitler the Germany of 1936 seems to Mr Olden a ghastly parody of the Germany of 1914. How did it happen that Hitler became the ruler of Germany and of such a Germany? Mr Olden spares no pains in giving us his picture of Hitler. He has conducted minute researches into Hitler's early life, into various statements in *Mein Kampf*—which are used most damagingly against him—and into his political tactics. Certainly, it is a most terrible portrait which emerges, not only of the Führer but of the Germany which he has aroused—a portrait of brutality, sentimentality and vulgarity.

To the question how such a man became the ruler of Germany Mr Olden replies that Hitler, "like his Reich, is only an executive agent." He is the executive agent, Mr Olden argues, of the re-established rulers of Germany, of the Reichswehr, of heavy industry and of the Junkers. They tolerate him while his regime rules in their interest because through him "the single aim for which alone Germany has lived since Stresemann died was achieved. The Reichswehr is armed once again and once more it has become a military monarchy bristling with arms." Without Hitler, Germany would indeed present a very different appearance to the world, but Herr Olden is not alone in thinking that "plus ça change, plus c'est la même chose." This is a remarkable book which deserves a wide circulation.

BOOKS RECEIVED

The Republic Arraigned. By Randolph Hughes. Reprinted from June, 1936, issue of "Nineteenth Century and After." (London) Stanley Nott. 30 pages. 6d. net.

Mr. Hughes's article is an elaborate attempt to prove that political reform cannot be introduced through France's present Parliamentary system. Since Mr Hughes article was written, H. Blum has passed more practical measures of reform than most other countries could compass in five years. It is odd that Mr Hughes should have decided to reprint his article.

The British Coal Industry in 1935. A lecture to the Chartered Institute of Secretaries, given on December 10, 1935. By Mr W. A. Lee, C.B.E., Secretary of the Mining Association of Great Britain (London) The Mining Association of Great Britain, Aldwych. 16 pages. No price stated.

Mr Lee's lecture to the Chartered Institute of Secretaries, here reprinted, is a reasoned defence of the attitude and policy of the British coalowners. It suffers somewhat from having been delivered as long ago as December, 1935.

L'Individu et l'Etat dans l'Evolution de la Suisse. By W. E. Rappard. (Zurich) Editions Polygraphiques S.A. 265 pages. 12 frs. ss.

Tendances économiques en Grande-Bretagne. By H. Pouyanne. (Paris) Revue Politique et Parlementaire. 10, rue Auber. 16 pages. No price stated.

* "Sweden, The Middle Way." By Marquis W. Childs. Faber and Faber. 10s. 6d.

MONEY AND BANKING

CHILE'S EXCHANGE PROBLEMS

CHILE has been suffering since 1929 not only from the general world depression but also from the loss of her former virtual monopoly of the nitrate markets of the world. United national effort, however, succeeded in averting a complete collapse, and the country's economy has been slowly but steadily reorganised. It is now far less dependent than before on the single industry of nitrate production. The output of gold, copper and coal has been increased, and agricultural production, which supports about half the population, has also been developed. To conserve the limited foreign exchange resources available after the decline in exports, imports have been cut down to absolute essentials, and national industries have been fostered to an extent which renders the Republic far less dependent upon foreign goods than in earlier days.

During 1929, the peso rate was comparatively steady at round about the parity rate of 40 pesos per £, but it moved up steadily in 1930. The considerable decline in Chile's export trade in August and September of that year compelled the Central Bank to intervene by utilising its gold reserves abroad, and a threatened collapse of the currency in 1931 was averted by the establishment in Chile of an Exchange Control Commission, with power to restrict foreign exchange operations. In September, 1931, a Bill was passed, authorising the Central Bank to reduce its minimum gold reserves to 35 per cent. and amending its statutes to permit of an increase in its advances to the Government from 30 to 80 per cent. of the Bank's capital and reserves.

Increasing economic and political difficulties found their vent in the revolution in June, 1932, but stability was restored with the election of President Alessandri four months later. In the preceding April, a new monetary law had been issued, which suspended the convertibility of the note issue. In October, the Central Bank began to fix a daily official buying exchange rate for United States dollars, on which exchange rates for other currencies were based. The suspension of convertibility, however, and the monetary inflation which began immediately after the passing of the first Control Law, brought about an inevitable depreciation of the peso's external value. An "official" exchange rate still exists in theory, but no commercial transactions are effected at this rate. It is used, in practice, only for statistical purposes, although the Central Bank is still nominally "buying" dollars at about 19½ pesos, and sterling at 98. After many difficulties, a controlled commercial rate—known as the "export" rate—became firmly established towards the end of 1933 as the operative rate for commercial transactions. During 1934, this export rate improved from 136 pesos to the £ in January to 117 in December. A retrograde movement throughout 1935, however, carried the rate from 116 in January to 127 in December. It then became obvious that there was a shortage of cover in the export market. By May, 1936, the rate had risen to 136, and it has since been "pegged" at 130.

The objects of the Exchange Control are to prevent the flight of capital, to stabilise the peso at between 120 and 130 pesos per £, and to restrict imports within the reasonable requirements of the country. The basis of the "export" exchange market, therefore, is the granting of Exchange Control permits only to those exporters who give ample guarantee that the net value of the goods sold abroad will be returned to Chile in foreign exchange or in merchandise. From this condition, however, nitrate, iodine, copper and iron are excepted. In view of the losses which exporters would have incurred by selling their foreign exchange to the Central Bank at the official rate, they exercised their right, from the outset, to offset exports by imports authorised by the Control Committee, either by importing merchandise of equal value or ceding their rights to third parties. Fluctuations in the export rate were thus governed,

to some extent, by the balance of supply and demand. The "export" rate of exchange has also been applied to operations in metallic gold.

At present the Chilean exchange market is tending to become increasingly complex. The number of exchange markets is perplexingly large. In addition to the theoretical official rate, the commercial export rate and "compensation" rates with various countries, there exists a "gold" rate, under which remittances in payment of certain goods (usually luxuries) may occasionally be obtained against gold purchased and deposited with the Central Bank. Occasionally "privileged" exchange has been available, owing to the fact that, from time to time when the "export" rate touched levels which the Chilean authorities considered inconvenient, the Government placed limited amounts of dollars at the disposal of the Exchange Control through the Central Bank. These, when available, could be sold to importers of goods from the United States and Great Britain. There is also in existence a "blanqueado" (or whitewashed) exchange, which was recently adopted to give some kind of tacit regularisation to dealings in "free" exchange. Such dealings, however, are unlikely to develop while "black" market rates are well above the "export" rate.

The "black" rate is paid in the curb market for foreign currencies which have usually become available otherwise than as the proceeds of exports. The non-enforcement of some of the regulations give brokers operating on the curb an advantage over the foreign banks, which has been recently accentuated by the efforts of the Exchange Control to peg the "export" rate at 26 pesos to the dollar, or approximately 130 pesos to the £, whereas the "black" market rate stands at about 145 pesos. At present the lack of exchange at the maximum rate means that shippers of goods from the United States and Great Britain run serious risk of non-payment unless they can trust their clients to make every effort to obtain the necessary exchange.

On the other hand, payment under the Compensation Treaties with Chile appears to be freely forthcoming, and a most significant feature has been the continued advance in German imports. The value of these imports was 48,500,000 pesos in the first half of 1936, compared with only 21,500,000 pesos in the same period of 1935. In the same period imports from Great Britain were under 24,000,000 pesos, against some 30,000,000 pesos. But this German competition is by no means an unmixed blessing to Chile. At first sight Chile should apparently benefit by the discount on German marks, because, *pro tanto*, she can buy her goods more cheaply. Actually, under the existing "compensation" or barter system, Chile's exports to Germany are not paid for in negotiable money, but only in what may be termed barter credits, which are known in Chile as "export" marks. These barter credits can be used only to buy German goods. These marks are not tied to gold in any way, nor are they subject to international arbitrage. Consequently, Chilean exporters sell them at a discount, and free foreign exchange becomes correspondingly difficult to obtain at any price. The arrangement is scarcely an economic triumph for Germany, since it compels her to pay more than would be otherwise necessary for her imports of Chilean products.

Other countries, including Holland, France, Belgium and Spain, have "compensation" trading arrangements with Chile. Though these compensation currencies show no depreciation, the blocking of so much foreign exchange is severely reducing the "free" exchange available for trading with non-barter countries, such as the United Kingdom and the United States. Inevitably, Chile's trade with the barter countries is tending to increase, and her dealings with non-barter States to decline, and already talk of retaliatory measures is heard in the United States, possibly by way of discriminatory Customs duties.

In the past few years Chile, largely by her own efforts along orthodox lines, has made a gratifying financial and commercial recovery. It is questionable, however, whether the limit of that recovery in present world circumstances has not now been reached. There may be danger in the over-development of national manufacturing industries in a country devoted primarily to mining and agriculture, with a comparatively small consumptive demand for manufactured goods. The time may have come to call a halt to further industrial expansion and to avoid mercantilist methods, expedients which only create new problems for Chile. International tendencies and current politico-social considerations, however, may make these desiderata difficult of realisation.

FINANCIAL NOTES

American Government Borrowing.—On September 3rd, Mr Morgenthau, the Secretary to the Treasury, announced that on September 15th the United States Government would borrow \$400 millions in cash in the form of 20-23 year 2½ per cent. bonds, and, in addition, that \$514 millions of 1½ per cent. notes maturing on September 15th would be refunded. The loan was nine times oversubscribed, the amount offered being \$3,600 millions. In view of Mr Roosevelt's recent assurance that Government expenditures would be kept down as far as possible in order to reduce the Budget deficit, this new borrowing caused some comment. Mr Morgenthau stated that the purposes of the loans were the financing of the House Owners' Loan Corporation and of the loss of revenue resulting from postponing for 90 days the so-called "windfall" tax, but as these only total about \$110 millions, it is thought that the loan is more probably needed to cover an increase in next quarter's operating deficit, due to recovery programmes and the increased demand for relief owing to the drought. At the same time the Canadian Government announced a \$100 millions conversion loan, to meet obligations of \$73 millions and for general purposes, which was heavily oversubscribed. The issue may be designed to cover increased prospective expenditure owing to the drought, but more probably is related to the financial difficulties that have been growing, despite Mr Dunning's efforts to impose a modicum of order in the chaos of Provincial finances.

Anglo-Turkish Clearing Agreement.—On September 2nd a new clearing agreement was signed with Turkey, to come into effect on September 17th. The new agreement is of the compulsory bilateral type, and replaces the old agreement of June, 1935, under which payments into the clearing account for Turkish goods imported were not obligatory. Under the old agreement considerable arrears had accumulated and at the end of August this year totalled over £1 million. The provisions of the new agreement remain more or less the same. The allocation of sums paid into the clearing account at the Bank of England remains as before at 70 per cent. for commercial debts and 30 per cent. for the Central Bank of Turkey. Until June 30th next year, however, only 65 per cent. will go to commercial debts, the remaining 5 per cent. going to a special account for Turkish Government orders in this country. The list of Turkish products which may be paid for by private compensation has been considerably extended, but, as before, the value of the British goods must not exceed 70 per cent. of that of the Turkish goods. These special goods may be imported by the holder of a blocked account, who retains 70 per cent. of the resulting sterling and gets the remaining 30 per cent. through the ordinary clearing machinery. This encouragement of barter is in many ways regrettable and is certain in the long run to restrict trade within narrow limits. All clearing agreements are bound to be unsatisfactory, but as they constitute the only feasible method for liquidating arrears of debts their disadvantages have to be accepted as inevitable. Somewhat alarming, however, is the Board of Trade warning that as the sterling available for British exports will be limited, payment for

new exports may be considerably delayed. With an outstanding debt of £1 million and a clearing agreement not radically different from the one under which this debt accumulated, the outlook would not appear to be very encouraging.

The Foreign Exchanges.—Interest in the foreign exchange market has naturally centred round the franc. Although the initial crisis seemed over when it became clear that there was no serious split in the Front Populaire Government, subsequent events have not been reassuring and the pressure on the franc has continued throughout the week. At the end of last week the general quietness was belied by the nervous undertone, reflected in the uncertain movements of the three months' discount. On Monday the new difficulties in France over the strikes in the textile industry at Lille and the growing unrest in the north of France, led to heavier pressure on the franc, which at one moment went as far as 77, the highest since June, 1934, though probably no dealings were made at this figure. The control intervened, however, and the rate was pegged at 76½, and closed at 76½. On the whole, apart from occasional contrary movements, the other currencies of the gold bloc and the dollar have moved in sympathy with the franc. The consequent appreciation of sterling is giving rise to considerable criticism of the methods of the Exchange Equalisation Account, which instead of supporting the franc firmly has been letting it go slowly to a lower level.

The Bank Return.—The note circulation is down again this week by £0.6 millions, but this is less than usual at this time of year and shows that foreign hoarding of the currency is continuing. Gold is up by only £0.3 millions, and is more than offset by the reduction of £1.8 millions in Government securities.

	BANK OF ENGLAND				
	Sept. 18, 1935	Aug. 26, 1935	Sept. 2, 1936	Sept. 9, 1936	Sept. 16, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	193.5	244.8	245.4	246.5	246.8
Note circulation	398.1	443.4	445.8	445.6	444.9
Banking Department:—					
Reserve	56.2	62.4	60.7	62.0	63.1
Public deposits	17.5	17.2	18.1	20.4	14.8
Bankers' deposits	92.0	100.9	101.1	99.8	102.2
Other deposits	37.6	37.8	38.8	37.8	38.7
Government securities	83.2	84.8	85.7	83.5	81.6
Discounts and advances	11.9	9.2	10.6	10.5	9.2
Other securities	14.2	17.8	19.1	20.1	20.1
Proportion	33.1%	40.0%	38.4%	39.2%	40.5%

Bankers' deposits are up again after last week's reduction, and their present level of £102.2 millions is the highest in this half-year. This is probably due to the delayed action of the payments made on September 1st.

The Money Market.—Conditions are very quiet in the money market and money remains plentiful. The clearing banks have all been buying bills, but not to an extent to affect the market.

	Aug. 27, 1936	Sept. 3, 1936	Sept. 10, 1936	Sept. 17, 1936
Bank rate	2	2	2	2
Clearing banks' deposit rate	↓	↓	↓	↓
Short loan rate:—				
Clearing banks	1½-1*	1½-1*	1½-1*	1½-1*
Others	↓	↓	↓	↓
Discount rates:—				
Treasury bills	↓	↓	↓	↓
Three months' bank bills	↓	↓	↓	↓

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral respectively.

Last week's tender issue of Treasury bills was more normal, and though the discount was rd. less, the allocation of 68 per cent. was more in consonance with the needs of the market. Considerable competition is expected for the next tender, as these are bills which mature at Christmas and the incidence of the holidays extends them from 90-day to 93-day bills.

THE STOCK EXCHANGE

FIFTY YEARS ON THE RAND

[The following article has been specially contributed by Professor S. Herbert Frankel, of the University of the Witwatersrand, Johannesburg, in connection with this week's celebration of the Rand's Jubilee.]

THE discovery of the gold deposits of the Rand fifty years ago not only marked the commencement of a new era of gold production of incalculable importance to the world as a whole, but also provided the foundation on which European civilisation was established in the Union of South Africa and on which it still rests.

The geological character of the gold field is unique. It is marked by the exceptional continuity in length and breadth of its general low-grade ore deposits, which cover more than 60 miles from East to West. The present known extent of the formation exceeds 150 miles. The history of the Rand is the history of the adaptation of modern industrial and financial methods to the exploitation of a mining field, continually dumbfounding the prophets both as to the area and the scale of operations economically most suited to it. The development of the field was accompanied by a relatively slow realisation of its economic implications. There has been a tendency to confuse the economic problems of the Rand with those of other isolated gold deposits elsewhere. The custom to speak at times of Johannesburg as a mining camp, which might one day disappear as suddenly as it arose, has died hard. This has led, abroad, to much misunderstanding concerning the nature of the industry, and in South Africa to a considerable amount of mistaken legislation affecting it.

The facts are, that since the beginning of the century, when it was realised that the exploitation of the Rand involved deep-level mining, the economic problems of gold mining have approached closely to those of most large-scale industries. These, in new countries, are dependent on considerable long-term capital investment from abroad, and owing to their great importance in the national economy, are greatly affected by general economic conditions in it.

With the development of this field (as the late Professor Leffeldt wrote nearly 20 years ago) gold mining came for the first time into the normal economic categories. Alluvial and quartz mining elsewhere has always been so speculative and that no clear connection between costs of production and return could be predicated of it, but on the Rand gold mining is an industry rather than a gamble, and the economic results, not perhaps of the single mine but of the field, are calculable.

It must, however, be emphasised that such calculations may, at any time, be greatly vitiated by a change in the conditions on which they are based.

MARGIN OF PROFITABLE MINING

The growth of the industry has been continuously influenced by the interaction of many variable factors (quite apart from changes in the grade of ore) which determine the marginal yield and costs of gold production. Since once ore bodies have been opened up mining on the Rand can almost be described as a manufacturing process, the rate of production is governed by the endeavour, as far as practical mining considerations permit, to maximise the marginal net product in terms of money. The lower the cost of the other factors of supply, the lower will be the grade of ore from which gold can be manufactured. Thus, the elasticity of Rand gold supplies is considerable.

These general statements, however, hide numerous difficulties met with in practice by individual mines. At any given time the life of a mine is determined by the capacity of its plant in relation to the total ore which can be economically mined. The size of the plant will, in turn, depend on the capital invested. There can be an increase in both life and the scale of operations only if the grade is lowered.

It must be remembered, however, that an increase in the scale of operations requiring new capital investment for additional plant, etc., really involves the creation of a new mine in place of the old. Any change in the expectations which have led to such new capital investment creates a new situation—either there will have been over-investment of capital and capital losses will result, or the calculations will again have to be revised and further new capital investment take place, resulting in a different relation between the life, scale of operations, and the grade.

LOW RETURN ON CAPITAL

The net mean annual yield to all capital invested in the industry from 1887 to 1932 has been estimated by the writer to amount to 4.1 per cent. This cannot be regarded as a high yield. It is due to unforeseen changes in the factors already referred to. Apart from the absolute losses of capital due to the inherent risks of mining, the large scale and long period nature of the investment required on the Rand (the amount that has to be expended in opening up a new mine to-day ranges from £2,000,000 to £3,000,000) is one of the main causes. The investment is associated with a long period of development during which no return to capital accrues. At different times the normal period of development has been greatly prolonged owing to the supply of new capital (most of which, inci-

SOUTH AFRICAN GOLD MINING

Year	Transvaal						Witwatersrand								
	Output	Percentage of World Output	Footage Developed	Gold Mining Taxation		Gold as Percentage of Total Exports of South African Produce	Tons Milled	Average Grade	Yield per ton Milled	Working Costs per ton	Working Profit per ton	Average Number of Employees		Dividends	Net Product
				Lease Revenue plus Taxation	Percentage of Total Budget Revenue							White	Coloured		
Fine Ozs. ('000)		('000)	(£'000)		('000)	Dwts.	£ s. d.	£ s. d.	£ s. d.	('000)	('000)	(£'000)	(£'000)		
1897	2,744	24.0	...	...	...	15,523	7.986	1 9 6	...	...	...	...	3,052	...	
1907	6,451	32.4	...	...	...	28,525	6.277	1 6 8	0 18 1	0 8 7	22	202	7,183	...	
1916	9,287	42.3	874	1,440	10.93	63.0	6.790	1 15 2	1 5 8	0 9 6	21	172	7,153	26,250	
1921	8,129	50.9	670	2,210	8.59	61.4	23,401	6.506	1 7 9	0 19 0	0 8 9	20	183	8,063	28,058
1926	9,955	51.3	1,043	2,911	10.79	52.0	29,486	6.730	1 7 10	0 19 5	0 8 5	22	200	8,719	27,597
1930	10,716	51.4	1,290	3,197	10.49	59.4	31,120	6.515	1 7 5	0 19 4	0 8 1	22	208	8,991	29,110
1931	10,878	47.7	1,381	3,318	11.62	67.2	32,016	6.432	1 7 0	0 19 0	0 8 0	23	215	8,747	28,704
1932	11,558	48.4	1,506	3,466	12.50	71.8	34,467	6.328	1 15 0	0 19 3	0 15 9	25	227	8,877	31,848
1933	11,012	44.9	1,790	4,265	15.00	74.6	36,384	5.685	1 14 3	0 19 3	0 15 0	28	244	12,411	47,293
1934	10,479	38.3	1,957	14,545	38.66	70.0	39,140	4.996	1 13 7*	0 18 11*	0 14 8*	31*	266*	14,520	47,793
1935	10,773	34.8	2,094	13,205	34.10	69.8	44,235*	4.729*						16,391*	48,061*

† The Witwatersrand has contributed 98.2 per cent. of the total gold production of the Transvaal since 1887.

* Includes Heidelberg.

‡ i.e., Value of Product less Stores consumed.

dentally, has been raised under boom conditions in the mining share market) failing in the interim. Capital has at times been invested in opening up new mines or testing auriferous areas, and subsequently, owing to changes in the rate at which further capital could be obtained, development has had to be postponed until the cost of the additional capital required was again equivalent to the original anticipations. World factors influencing the rate of interest and the supply of capital, therefore, exert a very great influence on the industry.

INCREASED EFFICIENCY AND REDUCED COSTS

An important feature of the industry is the continuous increase in efficiency which, after making allowance for monetary factors, has resulted in a fall in costs, notwithstanding the ever-increasing depth of mining.† This is largely due to the process of amalgamation which had already taken definite shape as early as 1897, and can be regarded as having been firmly established by the time of Union. It has led to a degree of rationalisation and concentration in finance, technical organisation and control which has often been held up as an example by outside observers. Its extent can be indicated by the fact that out of 576 gold mining companies floated on the Rand during the period 1887-1932, some 206 were amalgamated, 313 were wound up, and only 57 remained in existence in 1932. The latter were, with some minor exceptions, controlled by six financial houses or groups. Of the total Witwatersrand production, amounting to nearly 300,000,000 ozs. of gold to date, approximately 35 per cent. is accounted for by only six mines, all of which are still large producers at the present time.

The decline in the average working costs is illustrated by the fact that whereas they were 29s. 6d. per ton milled in 1897, they had been reduced to 18s. 10d. in April, 1936. As a result there has been a great lowering of the grade of ore mined.

The writer has calculated that whereas in 1898 of the total ore milled 55 per cent. was attributable to individual mines which gave a return indicating an average grade of ore of over 9 dwts. (36 per cent. over 10 dwts.), in 1934 over 60 per cent. was under 5 dwts. and almost 35 per cent. below 4 dwts. The increased depth of mining which has accompanied these changes can be seen from certain calculations, from which the writer has concluded that whereas, in 1898, some 48.5 per cent. of the dividends came from mines working to depths of not more than 1,000 feet, a further 43.7 per cent. from mines which had not exceeded a depth of 2,000 feet, and only 7.8 per cent. was accounted for by mines which had reached 3,000 feet. In 1932 the position had been reversed. Only 5.8 per cent. of the dividends were accounted for by mines working to 3,000 feet; 37.8 per cent. came from mines working to 4,000 feet; 35.8 per cent. from mines working to 5,000 feet; 11 per cent. from mines working to 7,000 feet; and actually 2.5 per cent. from those already at 8,000 feet.

These changes have also been accompanied by large increases in the average claim area of the mines. In 1898 the average claim area of mines then in existence was 287, in 1910 it was 663, in 1920 it was 973, and in 1932 it was 1,672. Actually, however, this does not sufficiently indicate the change that has taken place. It is anticipated that within the next few years no fewer than 14 new mines will be producing on the Rand. Many of these, as a result of the recent policy of granting leases over very large areas to encourage the opening up of new mining districts, will have an area of from 4,000 to 6,000 claims.

CAPITAL INVESTMENT ON THE RAND

The cyclical nature of the industry's development is indicated by an examination of the statistics of capital invested. From 1887 to 1932 over £149 millions of share capital, including cash premiums on the shares subscribed for, were invested in the Witwatersrand Gold Mines. In addition £63 millions were appropriated from profits for re-investment. About two-thirds of the latter amount can be regarded as new capital expenditure, the remainder

† It is significant in this connection that the number of white and coloured employees in service on the producing mines of the Witwatersrand per 1,000 tons treated per year has declined from 10.07 in 1906-7 to 6.83 in 1934.

being for replacement and depreciation. Furthermore, £9 millions of debentures were redeemed out of profits. The Rand thus absorbed £200 millions of capital, and during the same period paid £255 millions in dividends.

By far the largest part of this capital was raised before the war during the mining "booms" of 1889, 1895-96, 1902 (resumption of activities after the Boer War), and 1908-10. From 1913 to 1932 the average annual capital raised was relatively small. The maximum reached in any one year was in 1927, when approximately £2 millions were subscribed. At various times during this period a considerable number of mines were being "nursed" by the parent groups from current profits. Owing to the fall in the real value of gold, the consequent rise in working costs, the war and post-war conditions, the rise in interest rates and similar factors, the industry was practically forced to maintain itself on the basis of its own capital resources and was in fact largely based on the last great expansion financed by the new capital made available during the boom of 1908-10, when a sum exceeding £14 millions of new capital was invested in the industry. This had previously been exceeded only in 1895-96, when nearly £26 millions was obtained.

THE BASIS OF PRESENT PROSPERITY

By 1932 the average working costs in the industry, although again at the level of 1917 (from 1917 to 1921 they had risen by over 6s. per ton—from 19s. 2d. to 25s. 8d.), had not been sufficiently reduced relative to the yield per ton to bring about a revival of new mining enterprise. It was under the conditions then existing that the pessimistic forecast of the Government Mining Engineer in 1930 that the output of gold would have fallen by more than 50 per cent. to £20 millions per annum in 1942, was justified. The changes that have taken place since the departure of the Union from the gold standard and the resulting rise in the price of gold are, in fact, equivalent to a further reduction of 6s. per ton in working costs. It was estimated in 1932 that with a reduction of only 4s. the available tonnage would be doubled. As a result there has been a repetition of past history, and the Rand has experienced a boom during which the foundations for a very long period of new expansion are being laid—once again a New Rand is in the making, as in 1896 and 1910.

It must be noted that during the present boom several favourable factors have coincided. Apart from the rise in the money price of gold and the fact that this has not yet been followed by a rise in working costs, recent years have been characterised by very low interest rates, and exceptionally large supplies of capital have been available. At the same time, an abnormally large supply of native labour, on the fluctuations in which the rate of production and expansion of the industry have always been peculiarly dependent, has been available.

RECENT RESULTS AND DEVELOPMENT

The following table illustrates the results of the new conditions and the intense activity of the producing mines. The large increase in Government revenue from the mines is significant:—

WITWATERSRAND PRODUCING MINES (EXCLUDING HEIDELBERG)				
Percentage Increase or Decrease over 1932				
	1933	1934	1935	
Gold won, fine ozs.	5.2	10.3	8.8	
Tonnage milled	5.6	13.6	25.9	
Grade	10.2	21.1	27.82	
Value of gold won	39.1	45.8	52.4	
Working profit	96.9	87.5	83.3	
Dividends	39.8	63.6	67.5	

TRANSVAAL GOLD MINES

Development footage—			
Shaft sinking	3.9	42.3	119.2
Other	18.9	30.0	39.1
Wages—			
European	7.0	23.8	40.9
Coloured	6.0	13.8	25.9
Government receipts†	241.0	209.6	240.0*

† From gold mining, lease revenue plus taxation, figures to March 31st of the following year.
* Estimated.

This activity has been paralleled by intense development in new mining areas assumed to be gold-bearing, for the testing of which capital could previously not be obtained. The prospecting operations for the main reef series in areas south-west of the Witwatersrand have, for example, been particularly successful. Sir Robert Kotze has in fact estimated that under existing conditions the industry in ten or twelve years' time will have doubled its tonnage and its expenditure, that it will employ 50,000 Europeans and 400,000 natives, and that the population of the Rand will be 50 per cent. higher than at present.

The writer has estimated that during the three years to the end of 1935 the nominal capital of new companies floated on the Rand amounted to over £34 millions. The cash invested (including premiums) was approximately £25 millions. The number of new gold mining companies registered during this period was 149. Of these, 74 are carrying on operations, 27 are defunct, and 48 have already ceased operations.

The geographical distribution of the new capital strikingly illustrates the far-flung nature of the present developments. Of the £34 millions, about £7,500,000 was registered for operations in the Far East Rand; nearly £6 millions was for the West Rand; £10,200,000 for the Heidelberg area; the Central and East Rand absorbed £2,500,000; Klerksdorp obtained £3,300,000; and the rest of the Transvaal and parts of the Orange Free State accounted for the balance of £4,500,000.

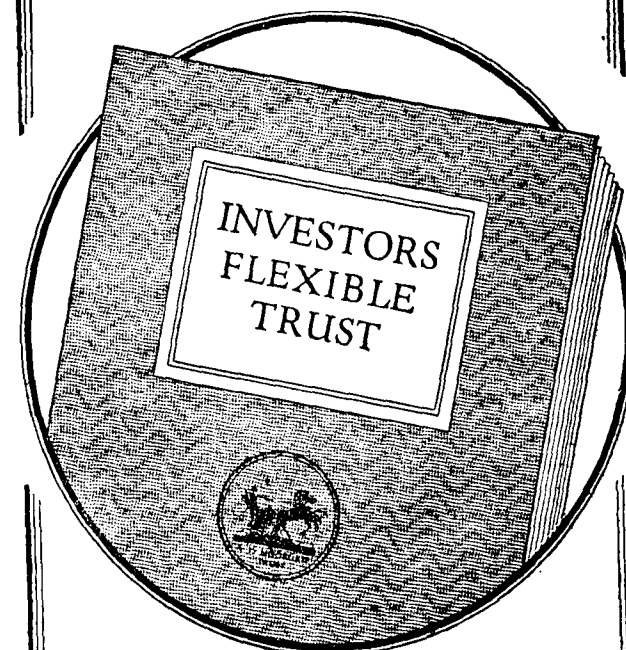
THE UNION'S DEPENDENCE ON THE RAND

The table on page 523 gives a series of statistical data illustrating the development of the industry. It will be immediately apparent therefrom that the gold-mining industry has become of ever greater importance in the economy of the Union. The finances of the State and the economic activities of the country as a whole are closely linked to it and will continue to be determined by it. Even in 1932 the writer estimated that 50 per cent. of the direct and indirect revenues of the Government were derived from the Witwatersrand gold-mining industry—a percentage which is very much larger now. On the other hand, the future of the industry will depend on the degree to which the level of costs and prices of the economy as a whole, of direct and indirect taxation, and of State expenditure can be readily adapted to changing conditions, so that the country's most important export industry will not be hampered. The future of the Rand is now bound up with State policy to an extent unequalled in the past.

An increasing portion of the economic activities of the country are directly dependent not only, as in the past, on the normal activities of the gold-mining industry, but on State expenditure financed from the additional taxation of the present profits of the industry. It is disquieting to find that, as a result, the unprecedented activity in the constructional industry, caused by gold-mining expansion (and of the capital imports associated therewith), is being fanned by the most lavish Government expenditure on public works and by very costly measures, of doubtful utility, intended to bolster up the agricultural industry. Expenditure is keeping pace with windfall revenues and the future is being discounted by the Government at a level which appears unduly optimistic. If this tendency continues it cannot be long before the scarcity of productive factors (not only of native labour, which in itself threatens to become serious) will bring about a definite slowing up of the present rate of expansion. Much of the existing activity outside the mining industry may then be found to rest on an artificial foundation. He would be a brave man who would deny the dangers of such a situation in the light of the rapid changes which we are witnessing in international economic conditions.

Moreover, the past history of the Rand suggests that a period of boom such as the present will be followed; quite apart from possible unforeseen changes, by a long period of consolidation at a new level of more normal activity. The transition from the boom psychology to this new norm will provide the acid test of South African economic statesmanship.

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INVESTMENT AND COMPANY NOTES

Prospectus Harvest.—The capital issue market is returning from holiday, and an early recurrence of its recent activity is more than probable. If this autumn's company prospectuses are modelled on some of those which saw the light during the spring and summer, it will be impossible to view future possibilities with complete confidence. This year, certain features associated with earlier phases of over-activity have been indubitably in evidence. Promoters have ruthlessly exploited the popular taste for re-armament shares; capitalisations have been based on the results of a single peak year; and the discredited high-preference-cum-low-ordinary has become (as the motor manufacturers would say) standard on all models. Such financing is bound, in due course, to have an unhappy aftermath; but it is, at least, reassuring that its appearance in a more extreme form has been comparatively recent. The new company financing of the earlier phase of the recovery period appears, in fact, to have been conceived on moderately sound lines. We have recently compared the earning power disclosed by twelve companies in their first published accounts, with that of the same companies disclosed or estimated in their prospectuses, which were published in 1934-35. The list includes the following concerns (engaged in the industries shown in brackets):—

Taylor Woodrow Estates (residential building); Ault and Wiborg (printing ink makers); J. W. French (flour millers); S. Collier (cloth merchants); Prices Trust (holding company in multiple tailoring trade); Cannon Iron Foundries (gas stoves and household appliances); Vactric (vacuum cleaners); Ismay Industries (holding company, electric lamps, etc.); Silentbloc (anti-vibration appliances); Bennis Combustion (boiler and coaling plant); Briggs Motor Bodies (motor parts); and Bristol Aeroplane (aircraft manufacturers).

Precise comparison is difficult, partly because "first accounts" frequently run for periods of more or less than a year, and partly because prospectus figures are usually hedged round with "adjustments," whose precise nature is known only to those who make them. If, however, all figures are expressed on an annual basis, it would appear that these dozen companies have together earned £766,000, against prospectus estimates of £756,000. The latter figure represents, broadly, the amount "held out" to subscribers. In the majority of cases it is based on the "cover" calculations given in each prospectus, which in turn were based on the average profit figures as required under the Companies Act. The impression, nevertheless, is that prospectus figures have not unduly flattered actual earning power. Of the twelve companies, in fact, eight have shown larger earnings than their prospectus estimate. These companies, doubtless, were fortunate in coming on the market at a relatively early stage in British industrial recovery. But their broadly satisfactory showing may be due even more to the fact, first, that the majority were established concerns which were earning satisfactory profits before they made their public *début*; and, secondly, that their financing did not disclose many of the objectionable features which have characterised some of this year's flotations.

Tate and Lyle and Caroni Sugar.—Proposals were made this week to the shareholders of Caroni Sugar Estates (Trinidad) for a capital rearrangement under which Tate and Lyle will take an active financial and managerial interest in the company. These proposals appear to reflect important decisions of policy by the directors of Tate and Lyle. To the scheme itself, no exception need be taken. Holders of 1,040,000 5s. shares in Caroni Sugar are invited to convert their holdings into 6 per cent. cumulative 5s. preference shares, guaranteed for ten years by Tate and Lyle. The existing ordinary shares received no dividend between 1924 and 1933, when 1½ per cent. was paid, while 3 per cent. was distributed for the first nine months of 1935. From the income standpoint, therefore, Caroni shareholders have no cause for complaint. In addition, they are to receive 520,000 new 2s. ordinary shares as a capital bonus,

while Tate and Lyle will subscribe for an equal number of shares at par. Their equity therefore is halved, but it is likely to be an equity of a distinctly different order than in the past. Tate and Lyle will nominate three members to the board and their technical services should prove valuable. The current year will undoubtedly be the most favourable in the history of Caroni Sugar, for it is expected that a 6 per cent. dividend will be paid. For the future, the directors welcome the scheme, which permits them "to develop a progressive policy, on a scale, and within a period, which, otherwise, could not be attempted under present conditions." This statement is best interpreted in the light of Sir Leonard Lyle's statement on co-operation with colonial sugar growers, which, subject to the continuation of Imperial preference, the company has in mind. The Caroni proposals are the first step in this policy. Sir Leonard discussed the prospect of the domestic beet sugar industry under the new Corporation and declared, with complete frankness, that the prospect for the future did not entice him. In the past, the company has been most successful in the beet sugar industry, for, in the chairman's own words, "our factories were the most efficient and the subsidy was so huge." The change of policy towards greater development of Colonial supplies will, in fact, reinforce a movement which has proceeded since 1931-32. In the subsequent three years, full duty sugar retained for consumption was halved, preferential sugar increased by 42 per cent., and home-grown sugar by over 80 per cent. There has, in consequence, been a fall of 28 per cent. in Customs and Excise receipts during the period, which has probably not escaped the notice of the Chancellor.

A Calico Printing Scheme.—The annual addresses of Mr Lennox B. Lee to shareholders of the Calico Printers' Association perform the same service for investors in the cotton textile industry as those of Mr Samuel Courtauld for rayon investors. Both speeches are invariably illuminating, comprehensive, and sealed with the stamp of authority. But, alas! the story which the two chairmen have to tell is very different. While the rayon industry is busily compiling new records of production and sales, the cotton textile industry is battling against international forces for its very existence. The working profit of the Calico Printers' Association has fallen from £1,052,150 in 1928 to £470,887 in 1936; and for the first time during depression the company has passed its preference dividend this year. The figures given by Mr Lee at last Wednesday's meeting are the best commentary on the Association's problems. In 1925 the United Kingdom exported 4,436 million square yards of cotton piece-goods. In 1935 the total was 1,950 millions. The Chinese market took an average of 587 million square yards annually in the five pre-war years. In 1925 she took 173 millions, in 1934 20 millions, and in 1935 14 millions. Such conditions cannot be overcome by tariffs, preferences or quotas. The industry must accept the conditions of life in a world which is no longer made for Lancashire. For seven years at least the problem has been engaging the best minds in the industry, and now the turn of the printing section has come. The Calico Printers' Association has maintained its share in Lancashire's reduced trade by accepting a steadily declining level of sale prices in a fiercely competitive environment. In the process, however, in Mr Lee's phrase, the printing trade is "bleeding to death." Two years ago a special committee was formed with the support of more than 90 per cent. of the industry. It began by exploring the possibility of eliminating surplus machinery so as to leave the trade with an adequate margin for productive requirements, but with no inducement to sell at a loss. Unfortunately, this solution turned out to be unpracticable, for the calico printing trade is dominated by fashion and must always have machinery which may, at a given moment, be "surplus," but is not redundant. Consequently, the Committee has decided on the principle of "sterilisation" rather than destruction, and has evolved a plan based on a covenant between all firms to accept an agreed proportion of the total trade available, with complete freedom to produce any style or pattern it chooses, within the limits of its "quantum." The scheme, Mr Lee

declares, "has secured general acceptance, though outside critics may complain that, like the salvage schemes of other industries, it involves restriction and the giving of the quasi-monopoly powers to existing producers. The scheme's future lies on the lap of the Board of Trade, for without Parliamentary sanction, Mr Lee is convinced, producers will always poach on each other's preserves. Lancashire's history, for the last fifteen years, suggests that he is right.

Ranks' Uninformative Accounts.—The report and accounts issued by the directors of Ranks, Limited, this week, contain the bare minimum of information to satisfy the requirements of the law. It is doing them no injustice, however, to say that they cannot possibly satisfy the investor who is attempting to assess the value and prospects of Ranks, Limited, 5s. ordinary shares. The profit and loss account discloses three items, but 99.9 per cent. of the total receipts are attributable to dividends receivable from the company's shareholding in Joseph Rank, Limited, the operating company. In these circumstances it is completely without significance that a somewhat higher balance of revenue is available in the holding company's accounts for the payment of the 15.0492 per cent. ordinary dividend. Nor is any light to be gleaned from the balance sheet regarding the assets position of the flour-milling business from which shareholders of Ranks, Limited, draw their dividends at one remove. Of a balance sheet total of £7,787,760, shares in Joseph Rank, Limited, account for £7,295,593. The statement under Section 126 of the Companies Act, appended to the profit and loss account, records that the dividends brought in from Joseph Rank, Limited, are exceeded by that company's profits. In the directors' report it is further stated that "a substantial amount, which the directors consider to be a sufficient reserve out of the profits for the year, has been retained or carried forward in the accounts of Joseph Rank, Limited, and its subsidiaries." But why should not the proprietors of Ranks, Limited, the holding company, know what are the profits of the company on whose earnings they are entirely dependent? Here, surely, the usual arguments against the publication of consolidated profits and balance sheets can hardly apply. Milling is no more competitive than many other trades, of which distinguished members already publish group accounts. Even if the stock position of milling companies is put forward as an argument against consolidation (on the ground that rival firms would be able to anticipate future market trends from the figures) it is tolerably certain that the general lines of such information are already broadly known in informed trade circles. In this instance, the technical accounting difficulties of consolidation, or at least of the publication of the accounts of the main subsidiaries separately, are far less serious than those surmounted by many other concerns. We suggest that shareholders should demand fuller information at the forthcoming meeting regarding the progress and prospects of the group, and should press for fuller accounts in future. A minor point also arises regarding the remuneration of the directors, which is not disclosed in the Ranks' accounts, although an item appears in the profit and loss account for "Administration Expenses." Normally, directors' fees of the holding company (not being remuneration to managing directors) and fees paid by subsidiary companies to all directors must be disclosed. Does the absence of a statement in the present instance imply that the directors are remunerated by sub-subsidiary companies?

Palestine Electric Progress.—To the British investor, the Arab disaffection in Palestine has provided an unwelcome reminder that even a rapidly developing mandated territory is not without its generous quota of political risk. The operations of a handful of Palestine concerns known to the British investor—they include two progressive utility concerns and a bank—have at least been hampered, if not positively checked, by internal strife. Nevertheless, Sir Herbert Samuel's speech to shareholders of the Palestine Electric Corporation this week was in some respects dis-

tingly more favourable than a superficial view of the present circumstances would suggest. Sir Herbert pointed out that the economic structure of the country had not been seriously affected, and that the expansion of demand for electricity still continued, although at a slackened rate. Thus, during the three months from May to July, the Corporation's receipts amounted to £145,000, compared with £129,000 for the corresponding period of 1935. And the chairman expressed his confidence in the restoration of order and the resumption of peaceful progress. The progress of the Corporation during the decade of the late Lord Reading's administration was most remarkable. The total capacity of the power stations has grown from 2,482 kw. to 52,375 kw.; some 1,758 kilometres of mains are now installed, compared with 120 kilometres in 1926; consumers have increased from 6,500 to 53,000; and the standard charge per unit for lighting has been reduced from 50 mils. to 27 mils. The expansion of gross revenue from £66,000 to £488,000 has kept pace with large capital expenditure, of which much recent outlay has doubtless become fully productive. Given an appeasement of the present strife, there should be scope for a gradual increase in profits and dividends. The £1 ordinary shares are, in effect, a 15 per cent. maximum equity, and have received 7½ per cent., free of British income tax, during the past two years. At 48s. 9d., they offer an equivalent gross yield of £4 os. 9d. per cent., which seems fairly to preserve the balance between current troubles and long period prospects.

Actuaries' Investment Index.—The movements of the Actuaries' Investment Index, calculated on Tuesday's prices, clearly reflect the irregular opening in the industrial markets which, later in the week, became markedly hesitant. The total index of 178 industrial shares, therefore, is only fractionally lower at 87.8, compared with 88.0 a

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

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£2,500,000
CAPITAL UNCALLED	£7,500,000
	£12,500,000

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Rt. Hon. Lord Balfour of Burleigh
Stanley Christopher, Esq.
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week ago, and 86.7 a month ago (December 31, 1928 = 100). The corresponding yield figures are 3.61 per cent., 3.60 per cent., and 3.64 per cent. Such a corrective, after a period of active dealings which culminated in last week's sharp speculative advances, is not unnatural. Examination of the component movements in the index shows that the reaction has, on the whole, been slight:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month ago (Aug. 18)	Week ago (Sept. 8)	This week (Sept. 15)	Month ago (Aug. 18)	Week ago (Sept. 8)	This week (Sept. 15)
Building materials (5)	104.7	108.8	108.3	4.64	4.47	4.49
Coal (7)	103.6	104.2	103.7	3.24	3.29	3.31
Iron and steel (12)	80.6	81.6	80.5	3.70	3.70	3.74
Oil (5)	85.7	90.4	88.1	3.20	3.00	3.07
Electric supplies (10)	148.6	152.4	150.7	3.66	3.58	3.60
Home rails (4)	77.2	78.3	78.1	1.51	1.48	1.41
Miscellaneous (56)	78.4	79.5	79.5	3.89	3.85	3.85

The oil share market, ripe for technical adjustment after last week's 5 point rise, has lost about half its gains. A comparably sharp (and perhaps less justified) advance in electrical equipment shares has been similarly followed, and selling of rather over-valued stock is still in progress in this market. The moderate reactions in building material shares (since partially off-set) and in home rails are typical of a large section of the market.

Johannesburg Consolidated Investment.—Although the profits announced in July showed a further, if small, decline, several important changes in the assets—and in the prospects of the company's interests—have occurred during the past twelve months. The balance sheet shows a substantial reduction in the portfolio and a marked expansion in cash holdings. The decline in earnings is attributable in part to reduced dividends received from most of the Rand gold mining companies in the group (Randfontein, of course, providing a notable exception), and in part to the less favourable market conditions during the year. After the allocation of £300,000 to reserve, however, the balance carried forward is only slightly reduced. A comparison of significant items in the accounts for the past three years follows:—

	Year ended June 30		
	1934	1935	1936
Stocks and shares	6,454,150	6,626,260	6,075,080
Mining properties and advances	133,871	127,400	426,480
Real estate and buildings	223,638	214,020	173,640
Loans on mortgage	194,213	116,330	117,350
Loans at short call	222,688	220,420	234,310
Sundry debtors and dividends	442,049	509,960	523,450
Cash	301,222	241,490	694,830
Sundry creditors*	1,908,026	1,636,370	1,535,210
Reserve	1,950,000	2,300,000	2,600,000
Net profit	1,347,576	1,142,031	1,086,200
Dividends	790,000	790,000	790,000
Rate per cent.	20%	20%	20%
To reserve	†550,000	350,000	300,000
Carried forward	168,643	170,673	166,870

* Including dividend. † Includes £100,000 to staff pension fund.

Interesting developments have occurred which favourably affect the company's copper, diamond and platinum interests. A further increase in the production quota of the Northern Rhodesian copper producers takes effect as from October 1st. Rhokana, in which "Johnnies" has a large holding, paid 3s. 6d. for the past financial year, as compared with 2s. 6d. in respect of 1934-35. Within the past few months the price of platinum has doubled, and demand is expanding. The plant at the Rustenburg Platinum Mines is therefore being modified and enlarged. Nothing is said regarding Potgietersrust Platinum, which holds slightly more than half the capital of Rustenburg, and has itself been shut down for some considerable time. Although the diamond business "is still much below that of prosperous times," a considerable improvement in ornamental and industrial demand has occurred. A favourable account is given of the company's South African industrial interests. A majority holding in the East Champ d'Or has been acquired. This property lies between Randfontein, Luipaards Vlei and Durban Deep, and had

lain dormant since before the war. This transaction, together with advances to the Rand Leases and subscription for the additional working capital for Vogelstruisbult doubtless account for most of the increase in mining properties. Holdings have been written down to market value, but no credit has been taken for recovery, and a large surplus over book value is shown. On the 20 per cent. dividend "Johnnies" shares at 77s. 6d. yield slightly over 5 per cent.

Consolidated Main Reef.—Last year's results, writes our mining correspondent, strikingly reflect the expansion of operations. The quantity of ore treated—1,753,000 tons—exceeded the previous year's increased total by 412,900 tons. The average yield was reduced by 0.358 dwts.; but a reduction of 1s. 2d. in working costs (largely from lower development charges), combined with the increased tonnage milled, provided £62,250 more working profit. Development expenditure totalled £200,960, compared with £212,160 in the previous year, although the footage was 7,848 higher at 110,360 feet. Some salient statistics showing the progress of the past three years are set out below:—

	Working Profit	Dividends	Carried forward	Ore Reserves	Value
	£	£	£	Tons	dwts.
1933-34	601,306	212,160	174	181,420	5,787,090
1934-35	624,290	296,310	234	200,920	7,130,300
1935-36	686,540	374,280	30	215,880	9,688,700

Exploration on the main reef and main reef leader provided a large increase in the payable tonnage, while prospecting on the main reef in the western section and in the bottom levels of the mine gave encouraging results. These developments are significant, since the additional property acquired during the previous financial year adjoins on the south and south-west. Work on the south reef was slightly less fruitful than before; but on another subsidiary ore body, the Bird Reef, an increased tonnage of ore of slightly lower value was opened up. The available ore reserves show an increase on the previous estimate of 2,558,400 tons, and represent fully five years' supply for the mill at last year's rate of extraction. Capital expenditure during the past year amounted to £92,670; and although the additions to the treatment plant have been practically completed, considerable further outlay is foreshadowed on hoisting equipment, improvements to the reduction works and compounds. On the basis of last year's record dividend total of 30 per cent., the gross yield afforded is approximately 6½ per cent.

New Modder and Nourse.—In the case of New Modderfontein, a substantial increase in the quantity of ore treated, coupled with a slight reduction in the working costs ratio, failed to offset the decline in average revenue, which amounted to 31s. 8d., as against 35s. 4d. in 1934-35. The cut in the dividend rate therefore was inevitable. Compared with the results of the previous year, the total tonnage of payable ore developed last year declined by 389,100 tons. The reduction in the available ore reserves, however, is no more than 135,700 tons, although the value is 0.6 dwts. down at 4.5 dwts., due partly to the inclusion of low-grade but payable material. While the mine will doubtless continue to pay substantial dividends for a good many years, shareholders must prepare themselves for a progressive shrinkage in profits. Comparative results of New Modder and Nourse during the last three years are given below:—

	Working Profit	Dividends	Carried forward	Ore Reserves	Value
	£	£	£	Tons	dwts.
New Modder:					
1933-34	2,304,860	1,470,000	105	224,690	7,760,100
1934-35	2,280,210	1,505,000	107½	198,960	7,872,200
1935-36	2,049,106	1,385,000	97½	206,940	7,736,500
Nourse:					
1933-34	370,050	146,940	18½	110,290	3,580,800
1934-35	350,580	146,940	18½	98,330	4,007,100
1935-36	351,430	176,320	22½	134,420	4,132,800

Somewhat similar features are displayed by Nourse Mines, at least on the financial side, but in this case the two favourable factors rather more than counterbalanced the adverse trend of average revenue, and the operating profit showed

a small increase. In fact, the ability of the company to pay a larger dividend than for the two preceding years, and to carry forward a substantially increased balance, arises from the marked reduction in the charge for taxation, which was no higher than £116,240 last year, as against £184,980 in 1934-35. Net expenditure on capital account is also somewhat lower at £14,500. The report of the consulting engineer contains the significant intimation that the main development of the upper portion of the mine is now practically completed, and states that "it is anticipated that for the ensuing year the development footage and the tonnage of ore developed will show a further decrease." These facts justify a current price for the shares which gives a gross yield of nearly 10 per cent.

Modder Deep to Wind Up.—At the thirty-fifth general meeting of this Union Corporation company last May, shareholders learned that the board had in mind the desirability of placing the company in voluntary liquidation, while mining operations were still being carried on. This week's announcement, that such recommendations will shortly be made, has therefore caused no surprise. It has been fully known to mining investors that the management could not accurately assess the duration of profitable operations, although at the meeting the chairman's estimate suggested that operations would continue during the current year and probably next year. The Main Reef ore is now nearing exhaustion, and although the supplementary Kimberley Reef ore is sufficient to ensure full milling operations, its payability is not consistent and its total quantity is relatively small. Shareholders will doubtless approve the recommendation of the board. Operations will not be affected by the liquidation, so long as they remain payable, and steps will eventually be taken to clean up the reduction plant, and to realise the assets on the best terms. The company's history is part of the romance of the Rand, which is being currently celebrated in Johannesburg. The company

was founded in 1899, but it was not until 1915 that milling operations started, and patient shareholders received their first return. In the subsequent years, however, they were richly rewarded. In the flush decade of the 'twenties, when ore of well over 10 dwts. per ton was being milled, dividends ranged between 120 and 150 per cent. In all, £12,325,000 has been paid in dividends during 21 years, equivalent to 2,465 per cent. on a capital of £500,000. Modder Deep 5s. shares, which last year touched 20s. 9d., to-day stand no higher than 6s.

Other Company Results.—The results of twenty-three other companies are set out on page 534. *Lichfield Brewery* have earned £25,523 for the latest year against £19,031 for the nine previous months, the dividend being maintained at the rate of 10 per cent. per annum. A serious fall in the profits of *Brick Investments*, from £22,519 to £9,478 is ascribed by the directors partly to the non-recurrence of income from new capital issues, whose extent was not specifically disclosed last year. *Initial Services* have shown further progress to a new record profit level of £245,476, the dividend on the increased capital being 25 per cent. Considerable improvement is reported by two iron and steel companies: *Horseley Bridge and Thomas Piggott*, have made net profits of £24,798, as compared with a mere £1,104 for the previous fifteen months. *Sheffield Forge and Rolling Mills* have doubled their dividend, having increased the latest year's profits by £2,490 to £12,200. *Capital and National Trust* have resumed dividend payments on their ordinary stock, though at the modest rate of 1 per cent. The first annual report of *Aire Wool*, the wool-combing holding company, shows a profit of £14,770, which is, however, below the estimate based on an average of five years' earnings of the chief subsidiary. *Sir J. L. Hulett and Sons*

(Continued on page 532)

NEW MODDERFONTEIN GOLD MINING COMPANY, LIMITED

(Incorporated in the Union of South Africa)

Extracted from the Annual Report for the Year ended 30th June, 1936
Issued Capital, £1,400,000, in 2,800,000 Shares of 10s. each

DIRECTORATE				Per ton milled.	
R. S. G. STOKES (Chairman).	J. MARTIN	W. H. A. LAWRENCE.		£1 11 8	
SIR ABE BAILEY, Bart., K.C.M.G.	R. W. FFERNELL.	S. C. BLACK.		0 14 0	
W. A. MACKENZIE.		MAJOR C. S. GOLDMAN.			
Tonnage Milled, 2,319,000				£3,668,131 15 6	
Total Working Revenue	...	...	...	1,619,025 18 2	
Total Working Expenditure	...	...	...	£2,049,105 17 4	
Working Profit	...	...	...	£2,048,983 1 11	
Net Profit for the year	...	...	...	198,980 5 10	
Balance unappropriated at 30th June, 1935	...	...	...	1,262 17 7	
Forfeited Dividends Account	...	...	...	£2,247,186 5 4	
This amount has been dealt with as follows:—				£25,274 0 0	
Miners' Pithies—Provision on account of Outstanding Liability as at 31st July, 1935	...	...	...	649,971 10 10	
Provision for Taxation	...	...	...	675,245 10 10	
Dividends declared during the year—No. 59 of 55 per cent. and No. 60 of 42½ per cent.				£1,871,940 14 8	
Leaving a balance unappropriated of...				1,385,000 0 0	
The Ore Reserve has been re-estimated and is as follows:—				£206,940 14 6	

	AVAILABLE.			UNAVAILABLE.			TOTAL.		
	Tons.	Value Dwt.	Width. Inches.	Tons.	Value Dwt.	Width. Inches.	Tons.	Value Dwt.	Width. Inches.
South Reef	1,357,100	3.1	45.2	130,500	4.4	42.5	1,487,600	3.2	45.0
N.A. 6 and 7	833,300	3.2	42.3	130,100	5.8	42.5	963,400	3.5	42.3
N.A. 3, 4 and 5	525,000	2.9	42.3	35,800	3.3	41.1	560,800	2.9	42.2
N.A. 1 and 2	2,844,700	3.7	47.1	303,900	5.6	46.3	3,148,600	3.9	47.0
Main Reef Leader	2,176,400	7.4	48.5	860,000	6.3	55.2	3,036,400	7.1	50.3
Total	7,736,500	4.5	46.2	1,460,300	5.9	50.1	9,196,800	4.7	46.8

The available ore shows a decrease of 135,700 tons, compared with the previous year, and the average value is 0.6 dwt. per ton lower. The full Report and Accounts (with Plan of Workings) may be obtained from the London Secretaries, A. MOIR & Co., 4 London-wall Buildings, E.C.2.

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935		Prices, Year 1936 Jan. 1 to Sept. 16, inclusive		Name of Security		Price, Sept. 9, 1936	Price, Sept. 16, 1936	Rise or Fall	Yield Sept. 16, 1936	Prices, Year 1936 Jan. 1 to Sept. 16, inclusive		Last two Half-yearly Dividends		Name of Security		Price, Sept. 9, 1936	Price, Sept. 16, 1936	Rise or Fall	Yield Sept. 16, 1936
High-est	Low-est	High-est	Low-est							High-est	Low-est	(a) (%)	(b) (%)						
British Funds																			
94 1/2	80	87 1/2	83 1/2	Consols 2 1/2%	85	85			£ s. d.	45/6	65/-	5(a)	5(b)	Bank of New Zealand £1	35/-	35/-		4 1/2	0
118 1/2	109 1/2	116 1/2	113 1/2	Do. 4% Red. at par on or after Feb. 1957 (a)	115	115			2 18 10	383	371	6(a)	6(b)	Bank of England Stk.	382	382		3 10 0	
103 1/2	97 1/2	102 1/2	100 1/2	Conversion. 2 1/2% 1944-49	101 1/2	101 1/2			3 0 0	80/3	74/9	7(a)	7(a)	Barclay B. (£1)	79 1/2	79 1/2		2 5 6	
107 1/2	103 1/2	105 1/2	103 1/2	Do. 3 1/2% 1948-53	104 1/2	104 1/2			2 6 0	48/9	43/3	3(c)	24(a)	Barcl. (Dom. &c.) A £1	47 1/2	47 1/2		4 2 0	
112 1/2	108 1/2	110 1/2	108 1/2	Do. 3 1/2% after 1961 (s)	107 1/2	107 1/2			2 11 0	£43	£37	8(c)	8(a)	Bk. of Australasia (£5)	40 1/2	40 1/2		4 0 0	
114 1/2	110 1/2	111 1/2	108 1/2	Do. 2 1/2% 1940-44	109 1/2	109 1/2			3 1 6	27 1/2	24 1/2	5(c)	5(c)	Bk. of Montreal (£100)	£40	£40		3 1 0	
124 1/2	115 1/2	121 1/2	117 1/2	Do. 5% 1944-64	119 1/2	119 1/2			2 7 6	95/-	75(c)	6(c)	6(c)	Bk. of N.S. Wales (£20)	26	26		3 10 0	
106 1/2	98 1/2	104 1/2	92 1/2	Funding 2 1/2% 1956-61	92 1/2	92 1/2			2 18 3	15 1/2	12 1/2	7(b)	7(a)	British Overseas A £5	80 1/2	80 1/2		4 12 0	
112 1/2	111 1/2	118 1/2	116 1/2	Funding 3 1/2% 1959-69	102 1/2	102 1/2			2 17 3	16 1/2	13 1/2	24(a)	34(b)	Chtd. of India (£5)	15 1/2	15 1/2		4 0 0	
119 1/2	110 1/2	117 1/2	113 1/2	Funding 4 1/2% 1960-90	118 1/2	118 1/2			2 17 0	91/6	85/-	8(b)	8(a)	Comcl. Bk. of Aus. 10/-	15 1/2	15 1/2		3 14 0	
100 1/2	95 1/2	102 1/2	97 1/2	Victory Bonds 4 1/2%	115	115			3 9 7	58 1/4	52/-	5(b)	5(a)	District A £5, 1/2 pd.	90 1/2	90 1/2		3 11 0	
98 1/2	85 1/2	97 1/2	84 1/2	War L. 3 1/2% after 1952 (p)	107 1/2	107 1/2			2 19 3	86 1/2	82 1/2	12(b)	12(a)	Do. B £1 fully paid	56 1/2	56 1/2		3 9 0	
104 1/2	100 1/2	103 1/2	101 1/2	Local Loans 3%	97 1/2	97 1/2			3 1 10	11 1/2	6 1/2	11(b)	11(b)	Eng. Scot. & Aust. £5 3/4 pd.	86 1/2	86 1/2		3 18 0	
90 1/2	80 1/2	87 1/2	75 1/2	Austria 3 1/2% 1933-53	102 1/2	102 1/2			2 16 9	£110	£95 1/2	24(a)	24(a)	Hambros £10, £2 pd.	11 1/2	11 1/2		5 7 4	
90 1/2	80 1/2	87 1/2	75 1/2	India 2 1/2%	74	74			3 7 7	64/-	61/-	6(b)	6(a)	Lloyds £5, with 1/2 pd.	62 1/2	62 1/2		3 16 6	
95 1/2	76 1/2	87 1/2	83 1/2	Do. 3 1/2%	87 1/2	87 1/2			3 8 4	8 1/2	7(b)	7(b)	7(a)	Martins £20, £2 pd.	9 1/2	9 1/2		3 7 0	
100 1/2	90 1/2	100 1/2	96 1/2	Do. 4 1/2%	99 1/2	99 1/2			3 10 6	98/9	91/-	8(b)	8(a)	Midland £1, fully pd.	95 1/2	95 1/2		3 10 0	
119 1/2	112 1/2	120 1/2	116 1/2	Do. 5 1/2% 1958-88	119 1/2	119 1/2			3 5 0	44 1/2	39 1/2	11(b)	11(a)	Nat. of Egypt £10	42 1/2	42 1/2		4 17 0	
103 1/2	105 1/2	107 1/2	109 1/2	U.K. & Arg. 4 1/2% (1947)	105	105			3 11 0	47 1/2	42 1/2	9(b)	9(a)	Nat. of India (£25, £12 pd.)	46 1/2	46 1/2		3 16 6	
Dom. & Colonial Govts.																			
108 1/2	106 1/2	112 1/2	109 1/2	Australia 5% 1945-75	111	111			3 12 6	50 1/2	46 1/2	8(b)	7(a)	Nat. Prov. £20, £4 pd.	15 1/2	15 1/2		3 9 0	
108 1/2	100 1/2	106 1/2	102 1/2	Canada 4% 1940-60	105	105			2 13 4	16 1/2	15	5(a)	5(b)	St. of S. Af. £20, £5 pd.	15 1/2	15 1/2		3 17 6	
112 1/2	112 1/2	118 1/2	114 1/2	Gold Coast 4 1/2% 1956	118	118			3 6 0	98/10	90/9	9(b)	9(a)	Westminster £4, 1/2 pd.	95 1/2	95 1/2		3 15 6	
121 1/2	116 1/2	120 1/2	117 1/2	Nigeria 5% 1950-60	118	118			3 7 6					Discount Cos.				4 2 3	
115 1/2	107 1/2	114 1/2	108 1/2	N. Zealand 5% 1946	111	111			3 14 6	95/-	88/-	10(b)	9(a)	Alexanders £2, 1/2 pd.	92 1/2	92 1/2		3 19 0	
110 1/2	103 1/2	109 1/2	106 1/2	Queensland 5% 1940-60	107	107			3 2 2	16 1/2	13 1/2	5(b)	5(a)	National A £2, 1/2 pd.	6 1/2	6 1/2		4 0 0	
118 1/2	113 1/2	117 1/2	114 1/2	S. Africa 5% 1945-75	116	116			3 0 0	55/9	52/9	12(b)	7(a)	Union £1 of stock	54 1/2	53 1/2	-1/-	3 15 6	
Foreign Governments																			
101 1/2	98 1/2	103 1/2	99 1/2	Australia 4% Resc. 1952	101	101			3 19 0	32 1/2	30	40(a)	50(b)	Alliance £1, fully pd.	32 1/2	32 1/2		2 15 3	
101 1/2	98 1/2	103 1/2	99 1/2	Austria 7% 1957	98	97 1/2			7 6 9	12	10 1/2	13(b)	14(a)	Atlas £5, 1/2 pd.	15 1/2	15 1/2		3 11 0	
101 1/2	98 1/2	103 1/2	99 1/2	Do. 4 1/2% 1934-59	89	89			5 8 0	18	14	20(a)	20(b)	Com. Un. £1, fully pd.	11 1/2	11 1/2		2 19 0	
101 1/2	98 1/2	103 1/2	99 1/2	B. Aires (Prov.) 3 1/2%	67	67			5 5 0	28	28	28(a)	28(b)	Gen. Accident £5, 1/2 pd.	27 1/2	27 1/2		2 14 0	
112 1/2	108 1/2	111 1/2	107 1/2	Belgian 7% red by 1956	108	108			6 8 6	38	34	35(a)	35(b)	Lon. & Lanc. £5, 1/2 pd.	36 1/2	36 1/2		2 3 0	
104 1/2	100 1/2	104 1/2	100 1/2	Bulgaria 7 1/2% Loan	16 1/2	16 1/2			15 10 0	28	28	28(a)	28(b)	N. Brit. & Mer. £14, 1/2 pd.	14 1/2	14 1/2		3 12 6	
104 1/2	100 1/2	104 1/2	100 1/2	Brazil 5% Fund. 1914	70	70			7 3 0	14 1/2	12 1/2	31(b)	31(b)	Northern £10, £1 pd.	22 1/2	22 1/2		2 4 0	
104 1/2	100 1/2	104 1/2	100 1/2	Chile 6% (1929)	82	82			6 2 0	28	28	32(a)	32(a)	Pearl £1, fully pd.	23 1/2	23 1/2		3 10 0	
104 1/2	100 1/2	104 1/2	100 1/2	China 5% (1912)	82	82			6 2 0	18 1/2	15 1/2	30(a)	30(b)	Phoenician £1, fully pd.	16 1/2	16 1/2		2 12 0	
104 1/2	100 1/2	104 1/2	100 1/2	Do. 5% (1913)	93	92 1/2			5 8 0	18 1/2	15 1/2	30(a)	30(b)	Prudential £1 A	37 1/2	37 1/2		2 10 0	
104 1/2	100 1/2	104 1/2	100 1/2	Czechoslovakia 8%	104 1/2	104 1/2			7 16 0	40	35 1/2	192(c)	193(c)	Do. £1, with 4s. paid	112 1/2	110 1/2	-2/6	2 12 0	
104 1/2	100 1/2	104 1/2	100 1/2	Danish 3 1/2%	110	110			2 14 9	121/3	108/-	137(c)	143(c)	Royal Exchange (£1)	11 1/2	11 1/2		3 6 0	
104 1/2	100 1/2	104 1/2	100 1/2	Danzig 6 1/2%	64	64			10 3 3	11	11	11(a)	11(b)	Royal £1, 10/- pd.	10 1/2	10 1/2		3 8 0	
104 1/2	100 1/2	104 1/2	100 1/2	Egypt Unif. £4 1/2%	108	108			3 15 0	5 1/2	4 1/2	8(b)	8(a)	Sea Insur., £1, fully pd.	5 1/2	5 1/2		2 17 0	
104 1/2	100 1/2	104 1/2	100 1/2	French 4 1/2% (1934)	64	64			2 1 0	15 1/2	13 1/2	15(a)	15(b)	Sun Life Assur., £1, fully pd.	8 1/2	8 1/2		1 18 3	
104 1/2	100 1/2	104 1/2	100 1/2	German 7% Dawes Ln.	64	64			2 1 0	21 1/2	18 1/2	17(a)	17(a)	Yorkshire £1, fully pd.	20	20		2 7 6	
104 1/2	100 1/2	104 1/2	100 1/2	Do. 5 1/2% (Young Ln.)	43	43			10 12 9					Investment Trusts				3 14 0	
104 1/2	100 1/2	104 1/2	100 1/2	Greek 6% Stab. Ln.	34 1/2	34 1/2			2 1 0	280	255	6(b)	3(a)	Anglo-American Deb.	270	270		3 14 0	
104 1/2	100 1/2	104 1/2	100 1/2	Hungary 7 1/2%	49 1/2	50 1/2	+1		7 8 6 1/2	80 1/2	59	61(c)	3(a)	Atlas Electric, etc.	6 1/2	6 1/2		0 19 3	
104 1/2	100 1/2	104 1/2	100 1/2	Japanese 5 1/2% 1936-55	84	83 1/2	-1/2		6 12 0	7 1/2	5/-	11(c)	11(c)	Brit. Assets Trust £1	18 1/2	18 1/2		4 1 0	
104 1/2	100 1/2	104 1/2	100 1/2	Do. 6% (1924) red 1959	49	49			2 17 6	17/9	13/8	Nil(c)	3(c)	Debtenture Corp. Stk.	246 1/2	246 1/2		3 16 6	
104 1/2	100 1/2	104 1/2	100 1/2	Norwegian 4% 1911	140	140			9 6 9	253	242	6(b)	4(a)	For. Amer. etc., Def.	78 1/2	78 1/2		4 3 0	
104 1/2	100 1/2	104 1/2	100 1/2	Poland 7%	73	75	+2		2 5 0	95 1/2	75	11(a)	11(b)	Guardian Investment	144 1/2	144 1/2		3 13 0	
104 1/2	100 1/2	104 1/2	100 1/2	Roumania 4% Con. 1922	103	100			2 8 0	157 1/2	144 1/2	33(a)	24(a)	Indus. and Gen. Ord.	268 1/2	273	+5	4 6 0	
104 1/2	100 1/2	104 1/2	100 1/2	Swedish 3 1/2% 1908	152	152			4 4 0	239	258	3(a)	7(b)	Invest. Trust Def.	305 1/2	305 1/2		4 6 0	
104 1/2	100 1/2	104 1/2	100 1/2	U.K. & Arg. 1933	115 1/2	115 1/2			3 9 9	353	300	5(a)	7(b)	Lake View Invest. 10/-	179 1/2	179 1/2		3 16 6	
104 1/2	100 1/2	104 1/2	100 1/2																

(Continued from page 529)

have suffered a considerable decline in profits from £178,307 to £122,304. Among British industrial concerns, *Leyland and Birmingham Rubber* have earned £70,694, as compared with £66,218, while the net profits of *Ketton Portland Cement* show an advance from £50,249 to £59,045. The increase in the *Associated Portland Cement* interim dividend from 5 per cent. to 7½ per cent. was well received by the market. The subsidiary, *British Portland Cement*, has maintained its 7½ per cent. rate, but the dividend is payable on a substantially increased capital. A final dividend of 5 per cent. declared by *United Steel Companies* makes a total distribution of 7½ per cent., which is somewhat below the best estimates.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS
TICKET SEPTEMBER 22
ACCOUNT SEPTEMBER 24

The good angel of cheap money and rearmament is fighting it out with the bad angel of international fear and War, for control of the stock markets. This week the good angel seems on the whole to have prevailed. A slight sagging was in evidence at the beginning of the week owing to Herr Hitler's trouble-mongering, but confidence, among Stock Exchange speculators, is ever born anew. The gilt-edged market became firmer on Tuesday, and prices continued to rise in mid-week, despite a very small volume of business. Indians and Colonials, particularly Australians, moved upwards with the home issues, and Home Corporations were slightly harder. The foreign bond market was less buoyant, and German bonds in particular paid the price of Hitler's truculence, and continued their decline while French issues staged a recovery. Poland Sevens and Hungarians were the firmest points in the European bond market. Brazilians weakened on the continuation of martial law, and Peru Corporation dropped after last week's strength. Far Eastern bonds suffered from the universal disease—fear of War. The Home Rails market has been dull apart from Great Western, which have been very well supported and continued strong in mid-week, after the good traffics. Argentine issues were bought in the foreign rail market.

Industrial markets have been fairly quiet. A sharp improvement in American issues was provoked by London's mistaken interpretation of the Maine elections result as a victory for Landon in November, but New York threw cold water on this little burst. Iron and steel issues moved irregularly, although there are no signs of a let-up in the trade expansion. Swan Hunter was one of the few issues to improve in mid-week. Coal shares have been weak on the uncertain position of the industry, and the possible effects of centralised selling on some issues. Aviation issues have been generally firm, while the motor group has been more or less neglected. There have been no outstanding features in either department. In the Stores section prices have been rather irregular; Woolworth lost ground at one time on fears of increased competition, but recovered later, along with Marks and Spencer. Provision and Catering shares were a little soft in mid-week. Textile and rayon issues were uninteresting. Electrical equipment shares were mostly lower, and realisations were the order among Breweries, although there were signs of a slight recovery later.

There were few changes of importance in the miscellaneous industrials section. Cement issues were fairly good, and improved on the interim dividends, but gave way later on profit-taking. British Oxygen continued to recede. The best section was the miscellaneous engineering group, in which Carrier Engineering were prominent on the dividend.

The oil shares market has been dull most of the week, with business on a very small scale. Mexican Eagles were depressed at the beginning of the week by reports that the Mexican Government intends to require foreign companies to invest 25 per cent. of their annual profits in Mexico, but lack of confirmation was followed by a slow improvement. Royal Dutch and Shell have been holding their ground on a small volume of investment support from London and from the Continent. Other business was not important. Both the rubber and the tea shares markets have been dull, the former despite a slight improvement in the price of rubber.

The Kaffir market opened the week very dully, with selling from the Cape and slight buying from Paris. The international situation depressed the market, and business slackened on account of the Jewish New Year. A slight

improvement was apparent later, and West Witwatersrand were the centre of attraction on a rumoured new issue. In mid-week Gold Fields made considerable gains. The West African section was neglected as the week opened, but later Bibani came into demand. Copper shares were active at the start, partly on the increased quota, but business slackened down as the week progressed. Tin shares have been firm, despite the uncertain position of the restriction agreement, on a number of excellent dividend announcements.

Business on the Paris Bourse was in its customary idle condition as the week opened, but sentiment improved on M. Auriol's statement. There were signs of a movement into internationals in anticipation of an early franc devaluation. A similar improvement from dull conditions was in evidence on the Berlin Bourse in mid-week, particularly in industrials. The Dutch Budget had a good impression on the Amsterdam Bourse; the effect was most evident in a rise in all Government issues. Royal Dutch rose to a new high early in the week.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Sept. 11	Sept. 10	Sept. 11	Sept. 14	Sept. 15	Sept. 16	Sept. 17
Govt. and Municipal	4,829	924	833	1,003	1,034	1,021	1,049
Transport, etc.	4,705	911	878	904	875	899	987
Comm. and Ind.	23,874	4,330	4,084	4,813	4,150	4,725	4,444
Banks and Ins.	2,816	538	498	443	443	633	508
Mines	6,105	1,278	1,129	1,158	1,041	999	1,005
Oils	1,589	254	225	249	211	247	235
Rubber and Tea	1,300	128	251	198	220	285	213
Total	45,218	8,453	7,898	8,818	7,974	8,909	8,441
Corres. day 1935	...	5,525	7,191	7,496	6,621	6,348	8,525

* Including Steels and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY SHARES. (July 1, 1935 = 100)

Highest†	Lowest‡	Sept. 10	Sept. 11	Sept. 14	Sept. 15	Sept. 16	Sept. 17
120.9	107.4	118.7	119.1	118.6	118.7	118.2	118.0

† September 8. ‡ January 2.
Corrected figures, Sept. 7, 119.9; Sept. 8, 120.0; Sept. 9, 119.1.

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest†	Lowest‡	Sept. 10	Sept. 11	Sept. 14	Sept. 15	Sept. 16	Sept. 17
138.4	136.2	137.9	138.1	138.0	138.0	138.0	138.2

† February 10. ‡ June 26.

NEW YORK STOCK EXCHANGE

THE New York Stock Exchange has passed an unsettled week. Prices have sagged despite the satisfactory condition of the business recovery; practically every section of the market has been affected, including the bond market. Apart from business news the principal event of the week was the Maine election, but the result showed so small a margin for the Republican candidates that Landon supporters could draw no encouragement for the success of their man in the Presidential elections. Wall Street took a more reasonable view of the result than London. European news grows more disturbing, and contributes nothing to steady the uneasiness of operators. Business reports continue their good trend.

OFFER TO NEW READERS

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

To Publisher, "Economist Newspaper Ltd.,"

8 Bouverie Street, E.C.4.

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

Name.....
Address.....

but Wall Street seems to remain unconsoled. *Iron Age* estimates steel mill activity at 72 per cent. of capacity for the week compared with 70 per cent. for last week, and foresees continued improvement for some months. Railroad earnings compare very satisfactorily with last year's levels, but the influence of holidays has cut down electricity output below the previous week.

	Sept. 9, 1936 (Close)	Sept. 16, 1936 (Close)	Sept. 17, 1936 (Latest)
1. <i>Rails & Trans- port</i>			
Atchafalpa	82½	80½	81½
Balt. and Ohio	25½	24½	24½
B.M.T.	54½	53½	54½
Can. Pacific	12½	12½	12½
Ches. and Ohio	67½	66½	66½
Illinois Central	41½	40½	40½
N.Y. Central	28½	27½	27½
Nor. Pac.	45½	44½	44½
Pennsylvania R.R.	39½	38½	38½
Southern Pac.	43½	41½	42½
Southern Ry.	23½	21½	22½
Union Pac.	138½	137	137½
Greyhound Corp.	55	54	—

	Sept. 9, 1936 (Close)	Sept. 16, 1936 (Close)	Sept. 17, 1936 (Latest)
2. <i>Utilities and Communications</i>			
Am. Waterworks	25½	24½	24½
Ches. & S. S. (Coca. Gas of N.Y.)	3½	3	3
Edison	43½	41½	41½
Col. Gas & Electric	20½	20	19½
Elec. Bond & Share	23½	21	21½
Nat. Pwr. and Lt.	12½	11½	11½
North American	33½	30½	31
Pac. Gas & Electric	38½	36½	36½
Pub. Lighting	53½	45	44½
Service N.J.	47½	45	44½
Stan. Gas & Elec.	8½	7½	7½
United Gas Imp.	16½	15½	15½
Am. Tel. & Tel.	17½	17½	17½
Int. Tel. and Tel.	12½	12½	12½
Western Union	89½	87½	88½
Radio	11½	10½	10½
Radio B. Pref. New	74½	74	73½

	Sept. 9, 1936 (Close)	Sept. 16, 1936 (Close)	Sept. 17, 1936 (Latest)
3. <i>Extractive and Metal Industries</i>			
Am. Rolling Mills	29½	27½	27½
Beth. Steel	69½	68½	68½
Rep. Steel	120½	122	122
U.S. Steel	24½	23½	23½
U.S. Steel Pref.	71½	70	70½
Alaska Juneau	140½	135½	135½
American Metal	37½	37½	38½
American Smelting	84½	81½	81½
Alcanada	39½	39½	40
Bona Aluminum	43½	42½	42½
Cerro de Pasco	54½	53½	53
Int. Nickel	56½	57½	57½
Kennecott	47½	45½	46½
Pattison Mines	11½	11½	11½
Texas Gulf Sulph.	38½	37½	37½
U.S. Smelt.	78½	78½	—
Vanadium Corp.	24½	23½	23½
Atlantic Refining	28½	27½	27½
Phillips Petroleum	42½	40½	39½
Shell Union	19½	20½	20½
Shell Union Pref.	120½	122½	123½
Socoany Vacuum	13½	13½	13½
Stand. Oil Calif.	36½	36	36
Stand. Oil N.J.	62½	60½	61½
Texas Corp.	38½	36½	36½

	Sept. 9, 1936 (Close)	Sept. 16, 1936 (Close)	Sept. 17, 1936 (Latest)
4. <i>Manufacturing</i>			
Briggs	58½	56½	57
Chrysler	115½	111½	112½
Electric Autolite	42½	40½	40½
General Motors	67½	65½	66½
Hudson Motor Car	17½	16½	16½
Murray Corp.	21½	19½	20½
Nash Motors	16½	16½	16½
Packard Motor Car	12½	12½	12½
Bendix Aviation	29	28½	28½
Boeing Airplane	27½	25½	26½
Douglas Aircraft	72½	74	75½
United Aircraft	73½	75½	75
Air Reduction	23½	23½	—
Allied Chemical	127	120½	121½
Col. Carbon	16½	15½	15½
Comm. Solvents	16	15½	15½
Dupont	163½	139	139½
Union Carbide	97½	95	95
U.S. Ind. Alcohol	34½	32½	33½
Allis Chalmers	55½	53	53
General Electric	47	45½	45½
Westinghouse	140½	138	139½
American Can.	126	123	123
Addressograph	27	26½	27
Caterpillar	72½	73½	74½
Cont. Can.	71½	69½	70½
Ingersoll Rand	132½	131½	131½
Intnl. Harvester	79½	77	77½
Johns Manville	22½	21½	21½
Am. Radiator	68	65½	68½
Corn Products	157½	149	148½
J. I. Case and Co.	43½	42½	42½
Glidden	57	55	56½
Gen. Am. Transp.	28½	27½	28½
Allied Mills	26½	26½	26½
Celanese of America	32½	32½	32½
Ind. Rayon New	14½	14½	14½
Colgate Palmolive	176½	174	—
Eastman Kodak	14½	14½	14½
Gillette	20½	19½	—
Kelvinator	18	18½	17½
Lambert Co.	58½	59½	59½
Loews	30	30½	30½
20th Century Fox	30	30½	30½

By courtesy of the Standard Statistics Company, Inc., of New York, we print the adjoining index figures of American values calculated on closing prices (1926=100):

	1935	1936	Be- ginning of Year 1936	Sept. 2, 1936	Sept. 9, 1936	Sept. 16, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Sept. 9		
347 Industrials	74.5 (h)	112.3	112.7	131.1	129.2	131.1
32 Rails	27.4	43.0 (w)	42.8	55.9	55.2	55.9
40 Utilities	52.2	93.6	91.2	110.2 (h)	99.6	109.5
Total, 419 Stocks	63.1	97.7	97.7	115.2	97.7	115.2
Average yield*	3.02%	4.06%	3.80%	2.95%	3.22%	3.48%

* Including securities for which "permission to deal" was given in thirty-eight weeks ended September 21, 1935.

50. Industrial Common Stocks. (i) March 13th. (j) Aug. 12th. (k) April 29th. (l) April 8th. (m) November 13th. (n) December 4th.

	1935	1936	Be- ginning of Year 1936	Sept. 2, 1936	Sept. 9, 1936	Sept. 16, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Sept. 9		
DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100)						
Highest*	159.1	128.2	151.9	151.9	151.3	150.9
Lowest*	128.2	151.9	151.3	150.9	150.0	149.8

* September 8th. † January 6th.

	Sept. 10	Sept. 11	Sept. 12*	Sept. 14	Sept. 15	Sept. 16
Stock Exchange— Shares (No. Thous.)	1,550	1,400	490	1,000	1,130	1,040
Bonds (Thous. \$)...	16,840	13,830	5,890	9,660	9,480	10,470
Curb— Shares (Thous.)	287	344	141	250	241	305

* Two-hour session.

CAPITAL ISSUES

THE new issue market this week has resumed business after the holiday period with two small industrial offers, and the preparations already reported suggest that considerable activity may be anticipated during coming months. The fashion for small issues, however, seems likely to remain, and this week's offers are typical of the small-sized industrial undertakings which have recently sought the investor's support. *Lane Fox and Company* is a contracting concern, established in the North of England. Of the total assets of £110,777 (acquired at par), some £54,340 represents the value of work in progress and stocks, as valued by the managing director, and of the consideration some £35,777 is to be applied in discharge of existing liabilities. Profits have jumped sharply during the latest year, and a further rise is anticipated during the current year. The past record of the concern, however, is less impressive, and investors must value the shares with regard to the possibility that current operations in the residential building industry are close to the peak. The 4s. shares are, consequently, distinctly speculative in character. The 2s. shares of *R.F.D. Company*, to which the Stock Exchange Committee declined to accord facilities recently when they were "introduced" to the market, have this week been offered for sale at 3s. per share. The prospectus is of a character which has recently become familiar. The total capital of the company is no more than £50,000. Government contracts are featured in heavy type, and the profits record shows a spectacular jump during the past two years. Of the total assets acquired (£40,363), goodwill, patents and designs as valued by the managing director total £24,600. A premium of 50 per cent. for these shares seems sufficiently large, in view of the fact that the company is capitalised on the basis of profits which have yet to accrue during the current year. Statements for information only have been published by *Lawrence, Scott and Electromotors*, and by *Ambrose Shadlow and Company*.

ISSUES OF THE WEEK

January 1 to September 12, 1936, including conversions, Old Basis, £302,336,533.
January 1 to September 12, 1936, excluding conversions, Old Basis, £124,952,446.
January 1 to September 12, 1936, including conversions, New Basis, £327,478,923.
January 1 to September 12, 1936, excluding conversions, New Basis, £233,285,945.

National Savings Certificates, Net receipts week ended September 12, 1936, Dr. £50,000.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conver- sions	New Money
To the Public	121,760	—	142,640
To Shareholders only	114,625	—	145,125
By Stock Exchange Introduction	150,000	—	159,375
By Permission to Deal	209,458	—	221,837

	Total Capital raised— Including Conversions	Excluding Conversions	Total offered for Subscription— Including Conversions	Excluding Conversions
January 1 to date—				
1936 (New Basis) ...	328,087,400	233,904,422	Whole year (Old Basis)—	
1936 (Old Basis) ...	302,574,298	125,190,211	1935 ...	548,351,393
1935 (New Basis)* ...	345,565,213	223,483,203	1934 ...	410,980,300
1935 (Old Basis) ...	254,987,342	129,036,421	1933 ...	467,921,500
January 1 to date (Old Basis)—			1932 ...	2,699,684,265
1934 ...	307,615,697	120,831,906	1928 ...	683,000,056
1933 ...	255,287,443	137,110,611		369,058,073
1928 ...	492,585,817	290,485,194		

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—	£	£	£	
1936 (New Basis)	80,121,540	29,188,403	124,594,479	233,904,422
1936 (Old Basis)	62,711,359	14,593,432	47,885,420	125,190,211
1935 (New Basis)	95,195,036	40,979,230	87,308,937	223,483,203
1935 (Old Basis)	72,510,751	26,534,087	29,931,583	128,936,421
Whole year (Old Basis)				
1928.....	212,917,900	45,062,601	111,777,600	369,158,101
1929.....	222,064,300	12,733,700	9,882,500	244,780,500
1930.....	202,769,300	21,461,000	44,878,400	199,108,700
1931.....	167,185,509	31,696,741	37,265,387	236,147,637

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended September 12, 1936, amounted to £10,442,000, against ordinary expenditure of £14,113,000. After allowing for an increase in Exchequer Balances of £109,341, the operations for the week, as shown below, increased the gross National Debt by £3,780,000 to approximately £7,987* millions.†

(000's omitted)	
Treasury Bills	+ 7,790
Public Department Advances	- 2,150
National Savings Certificates	- 50
Road Fund	- 922
Post Office & Tel. Capital Exp.	- 700
British Shipping Assistance	- 188
	- 4,010
	+ 7,790

* After adding back Capital Liabilities additional to Deadweight Debt.
† Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt at June 30, 1936, appeared in the *Economist* of July 4, 1936.

REVENUE AND OTHER RECEIPTS	Total Receipts into the Exchequer				
	Estimate for the year 1936-37	April 1, 1935, to Sept. 14, 1935	April 1, 1936, to Sept. 14, 1936	Week ended Sept. 14, 1935	Week ended Sept. 12, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	250,000,000	50,162,000	44,092,000	766,000	971,000
Sur-tax	88,500,000	5,530,000	5,570,000	60,000	80,000
Stamps	89,000,000	40,320,000	38,110,000	1,170,000	1,350,000
Excess Profits Duty and Corporation Profits Tax	27,000,000	8,920,000	9,360,000	280,000	1,560,000
Land Tax and Mineral Rights Duty	750,000	...	...	...	...
Total Inland Revenue	433,000,000	105,082,000	97,252,000	2,276,000	3,961,000
Customs and Excise—					
Excise	207,525,000	89,297,000	94,174,000	4,218,000	4,667,000
Motor Vehicle Duties (Ex- chequer Share)	110,000,000	45,200,000	44,900,000	1,149,000	900,000
Total Customs and Excise	317,525,000	134,497,000	139,074,000	5,367,000	5,567,000
Motor Vehicle Duties (Ex- chequer Share)	5,000,000	1,212,000	1,375,000	4,000	186,000
Post Office (Net Receipts)	11,256,000	8,250,000	7,900,000	350,000	700,000
Crown Lands	1,350,000	610,000	620,000	...	...
Receipts from Sundry Loans	5,000,000	3,008,239	2,917,988	...	...
Miscellaneous Receipts	25,250,000	10,978,441	9,807,801	24,516	27,790
Total Ordinary Revenue	798,381,000	263,617,680	258,946,789	8,021,516	10,441,790
SELF-BALANCING REVENUE					
Post Office	69,344,000	26,000,000	27,700,000	850,000	800,000
Motor Vehicle Duties appor- tioned to Road Fund	26,500,000	6,784,000	6,998,000	125,000	...
Total Self-balancing Revenue	95,844,000	32,784,000	34,698,000	975,000	800,000
Total	894,225,000	296,401,680	293,644,789	8,996,516	11,241,790

EXPENDITURE AND OTHER ISSUES	Total Issues out of the Exchequer to meet Payments				
	Estimate for the year 1936-37	April 1, 1935, to Sept. 14, 1935	April 1, 1936, to Sept. 14, 1936	Week ended Sept. 14, 1935	Week ended Sept. 12, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	104,133,157	103,344,759	331,369	320,159
Payments to Northern Ireland Exchequer	7,500,000	2,303,929	2,735,306	...	...
Other Consolidated Fund Ser- vices	3,200,000	1,252,085	1,012,290	...	1,652
Post Office Fund	600,000	...	...	...	...
Total	235,300,000	107,689,171	107,092,355	331,369	321,811
SELF-BALANCING EXPENDITURE					
Total Supply Services (ex- cluding Post Office)	570,989,000	218,154,098	232,548,949	12,393,000	13,791,000
Total Ordinary Expenditure	806,289,000	325,843,269	339,641,304	12,724,369	14,112,811
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	26,000,000	27,700,000	850,000	800,000
Road Fund	26,500,000	6,784,000	6,998,000	125,000	...
Total Self-balancing Ex- penditure	95,844,000	32,784,000	34,698,000	975,000	800,000
Total	902,133,000	358,627,269	374,339,304	13,699,369	14,912,811

† Estimated Expenditure as per Financial Statement (H.C. 77)
dd. — Supplementary Estimates

The aggregate revenue from April 1 to September 12, 1936, is shown below:—

(000's omitted)	
Expenditure	339,841
Revenue	258,847
Decrease in balance	181
Gross borrowing	£84,976
Less New Sinking Fund*	4,463
Net borrowing	80,513
	339,841

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1936 by borrowing.

POSITION OF THE FLOATING DEBT

(000's omitted)		Movement week ended	
Date	Amount £	Sept. 14, '36	Sept. 12, '36
Ways and Means Advances Outstanding	£	£	£
Advances by Bank of England	21,520,000	19,055,000	34,850,000
Advances by Public Departments	893,220,000	763,115,000	808,985,000*
Treasury Bills outstanding	914,740,000	782,170,000	843,815,000
Total Floating Debt	1,809,480,000	1,564,240,000	1,687,645,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury bills were opened on September 11, 1936. The amount applied for was £75,765,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday, at £99 17s. 4d., about 68 per cent. and above in full. The average rate per cent. was 10s. 7.39d. The amount allotted was £50,000,000.

Date	Amount Offered £	Total Applications £	Amount Allotted £	Average Rate %
January 5, 1934	35,000,000	76,280,000	30,000,000	0 18 11.4
July 1934	35,000,000	62,745,000	32,000,000	0 18 4.14
January 4, 1935	30,000,000	48,580,000	27,500,000	0 6 1.64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4.28
January 3, 1936	35,000,000	68,075,000	40,000,000	0 10 10.78
April 3, 1936	40,000,000	76,280,000	40,000,000	0 10 2.87
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 9.49
September 4, 1936	50,000,000	80,235,000	46,000,000	0 10 7.49
September 11, 1936	50,000,000	75,765,000	50,000,000	0 10 7.39

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, September 16, 1936

ISSUE DEPARTMENT

Notes Issued:—		Government Debt	
In Circulation	444,862,470	Other Government Securities	248,184,184
In Banking Department	61,980,799	Other Securities	397,523
		Silver Coin	280,000,000
		Amount of Fiduciary Issue	248,184,184
		Gold Coin and Bullion	506,848,269

BANKING DEPARTMENT

Proprietors' Capital		Government Securities	
Rest	14,553,000	Other Securities	81,598,387
Public Deposits*	3,893,319		
Other Deposits	14,841,946		
		Advances and Securities	29,253,479
		Notes	61,980,799
		Gold and Silver Coin	1,097,836
			173,930,171

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

Both Departments		Amount, Sept. 16, 1936		Inc. or Dec. on Last Week		Inc. or Dec. on Last Year	
Note circulation		444,862,470	—	728,689	+	46,712,868	—
Public deposits		14,841,946	—	5,518,444	+	2,632,783	—
Bankers' deposits		102,182,958	—	2,354,968	+	10,164,484	—
Other deposits		38,658,948	—	890,638	+	1,077,799	—
Total outside liabilities		606,546,322	—	3,001,527	+	55,332,346	—
Capital and rest		18,246,319	—	2,876	—	27,948	—
Government debt and securities		340,807,621	—	1,341,884	—	216,817	—
Discounts and advances		9,184,302	—	1,364,904	—	2,668,366	—
Other securities		20,462,370	—	620,440	+	5,272,876	—
Coin and bullion in issue department		397,523	—	853	+	1,141,888	—
Reserves of notes and coin in banking department		247,940,825	—	321,872	+	53,625,566	—
Proportion of reserve to outside liabilities		63,078,355	—	1,050,562	+	6,913,066	—
(a) Banking Department only ("proportion")		40.5%	—	1.2%	+	2.4%	—
(b) Gold stocks to deposits and notes ("reserve ratio")		41.3%	—	0.3%	+	5.7%	—

(000's omitted)		Issue Department		Banking Department		Gold in or out of Bank	
Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	Gold in or out of Bank	Bank Rate
1936							
Aug. 26	504,755	443,409	17,230	100,511	37,840	995 in	4.50%
Sept. 2	505,405	445,784	18,053	101,067	38,762	850 in	4.50%
" 9	506,524	445,891	20,360	99,828	37,768	1,119 in	4.50%
" 16	506,843	444,862	14,842	102,183	38,659	...	...

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AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

ASSETS		Sept. 9, 1935	Aug. 10, 1936	Aug. 17, 1936	Aug. 24, 1936	Aug. 31, 1936	Sept. 7, 1936
Gold and English sterling		15,994	16,004	16,004	16,004	16,004	16,004
Other coin, bullion and cash		6,437	6,815	6,735	6,774	6,801	6,753
Money at short call—London		16,692	18,134	19,285	19,170	19,155	18,713
Short-term loans		6,611	9,257	5,910	6,209	6,360	6,167
Securities and advances		70,811	75,154	75,154	75,154	75,154	75,154
Discounts and advances		7,025	8,612	8,473	8,653	8,727	8,496
LIABILITIES							
Notes issued		47,044	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold		3,896	7,753	7,753	7,753	7,753	7,753
Deposits		68,125	66,097	69,578	70,221	70,433	69,684

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

ASSETS		Aug. 10, 1936	Aug. 17, 1936	Aug. 24, 1936	Aug. 31, 1936	Sept. 7, 1936
Gold		2,801	2,801	2,801	2,801	2,801
Sterling exchange		19,487	19,487	19,799	19,799	18,947
Subsidiary coin		188	184	183	184	181
Investments		2,038	2,038	2,038	2,038	2,038
LIABILITIES						
Bank notes		10,770	10,829	10,985	11,148	11,061
Demand liabilities—						
Government		6,538	6,559	6,354	6,436	5,870
Other		5,873	5,770	6,210	5,985	6,328
Ratio of reserves to sight liabilities		96.1%	95.8%	96.0%	95.9%	93.1%

BANK OF CANADA.—In \$'s (000's omitted)

ASSETS		Sept. 11, 1935	Aug. 26, 1936	Sept. 2, 1936	Sept. 9, 1936
Reserve, of which—		189,706	208,383	183,629	188,432
Gold coin and bullion		179,938	179,512	179,540	179,491
Dominion Government securities		100,954	110,627	114,864	119,292
LIABILITIES					
Notes in circulation		83,155	104,559	109,390	115,662
Deposits—					
Dominion Government		20,674	29,727	8,152	17,887
Chartered banks		183,902	183,534	177,939	170,892
Ratio of reserves to notes and deposit liabilities		65.8%	65.5%	62.0%	61.7%

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

SOUTH AFRICAN RESERVE							
ASSETS		Sept. 13, 1935	Aug. 14, 1936	Aug. 21, 1936	Aug. 28, 1936	Sept. 4, 1936	Sept. 11, 1936
Gold coin and bullion		22,932	22,932	22,932	22,930	22,931	22,930
Bills discounted : Foreign		5,781	8,328	8,490	8,595	4,185	4,848
Investments		1,726	1,734	1,734	1,734	1,734	1,734
Other assets		13,322	12,153	11,291	11,477		11,770
LIABILITIES							
Notes in circulation		12,488	14,032	13,805	15,051	15,171	14,545
Government deposits		1,798	1,475	1,199	1,778	2,639	19,430
Bankers' deposits		28,030	24,567	22,538	25,541	17,452	19,513
Ratio of cash reserves to		58.6%	53.3%	54.0%	53.8%	61.0%	59.9%

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THE BRANDY WITH A PEDIGREE

II. Forward Rates (Closing quotations)							
London on		Sept. 11, 1936 Per £	Sept. 12, 1936 Per £	Sept. 14, 1936 Per £	Sept. 15, 1936 Per £	Sept. 16, 1936 Per £	Sept. 17, 1936 Per £
		(a)	(a)	(a)	(a)	(a)	(a)
New York, cent.	1 Month	$\frac{11}{16}-\frac{5}{16}$	$\frac{11}{16}-\frac{5}{16}$	$\frac{11}{16}-\frac{5}{16}$	$\frac{11}{16}-\frac{5}{16}$	$\frac{11}{16}-\frac{5}{16}$	$\frac{11}{16}-\frac{5}{16}$
	2 "	$\frac{11}{16}-\frac{8}{16}$	$\frac{11}{16}-\frac{8}{16}$	$\frac{11}{16}-\frac{8}{16}$	$\frac{11}{16}-\frac{8}{16}$	$\frac{11}{16}-\frac{8}{16}$	$\frac{11}{16}-\frac{8}{16}$
	3 "	$\frac{11}{16}-\frac{13}{16}$	$\frac{11}{16}-\frac{13}{16}$	$\frac{11}{16}-\frac{13}{16}$	$\frac{11}{16}-\frac{13}{16}$	$\frac{11}{16}-\frac{13}{16}$	$\frac{11}{16}-\frac{13}{16}$
Paris, frs.....	1 Month	$\frac{12}{16}-\frac{13}{16}$	$\frac{11}{16}-\frac{11}{16}$	$\frac{11}{16}-\frac{11}{16}$	$\frac{11}{16}-\frac{11}{16}$	$\frac{11}{16}-\frac{11}{16}$	$\frac{11}{16}-\frac{11}{16}$
	2 "	$\frac{12}{16}-\frac{23}{16}$	$\frac{11}{16}-\frac{23}{16}$	$\frac{11}{16}-\frac{23}{16}$	$\frac{11}{16}-\frac{23}{16}$	$\frac{11}{16}-\frac{23}{16}$	$\frac{11}{16}-\frac{23}{16}$
	3 "	$\frac{12}{16}-\frac{4}{16}$	$\frac{11}{16}-\frac{4}{16}$	$\frac{11}{16}-\frac{4}{16}$	$\frac{11}{16}-\frac{4}{16}$	$\frac{11}{16}-\frac{4}{16}$	$\frac{11}{16}-\frac{4}{16}$
Amsterdam, c'n't	1 Month	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$
	2 "	$\frac{1}{16}-\frac{4}{16}$	$\frac{1}{16}-\frac{4}{16}$	$\frac{1}{16}-\frac{4}{16}$	$\frac{1}{16}-\frac{4}{16}$	$\frac{1}{16}-\frac{4}{16}$	$\frac{1}{16}-\frac{4}{16}$
	3 "	$\frac{1}{16}-\frac{7}{16}$	$\frac{1}{16}-\frac{7}{16}$	$\frac{1}{16}-\frac{7}{16}$	$\frac{1}{16}-\frac{7}{16}$	$\frac{1}{16}-\frac{7}{16}$	$\frac{1}{16}-\frac{7}{16}$
Brussels, cent....	1 Month	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$
	2 "	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$	$\frac{1}{16}-\frac{1}{16}$
	3 "	$\frac{1}{16}-\frac{3}{16}$	$\frac{1}{16}-\frac{3}{16}$	$\frac{1}{16}-\frac{3}{16}$	$\frac{1}{16}-\frac{3}{16}$	$\frac{1}{16}-\frac{3}{16}$	$\frac{1}{16}-\frac{3}{16}$
Geneva, cent.	1 Month	$\frac{2}{16}-\frac{3}{16}$	$\frac{2}{16}-\frac{3}{16}$	$\frac{2}{16}-\frac{3}{16}$	$\frac{2}{16}-\frac{3}{16}$	$\frac{2}{16}-\frac{3}{16}$	$\frac{2}{16}-\frac{3}{16}$
	2 "	$\frac{2}{16}-\frac{6}{16}$	$\frac{2}{16}-\frac{6}{16}$	$\frac{2}{16}-\frac{6}{16}$	$\frac{2}{16}-\frac{6}{16}$	$\frac{2}{16}-\frac{6}{16}$	$\frac{2}{16}-\frac{6}{16}$
	3 "	$\frac{2}{16}-\frac{14}{16}$	$\frac{2}{16}-\frac{14}{16}$	$\frac{2}{16}-\frac{14}{16}$	$\frac{2}{16}-\frac{14}{16}$	$\frac{2}{16}-\frac{14}{16}$	$\frac{2}{16}-\frac{14}{16}$
Milan, lire	1 Month	...	...	...	...	...	...
	2 "	...	...	...	...	...	...
	3 "	...	...	...	...	...	...
(a) Premium, i.e. "under spot." (b) Discount, i.e. "over spot."							

Imports			Exports		
From	Bullion*	Coins†	To	Bullion*	Coins†
	£	£		£	£
Irish Free State ...	6,560	2,000	Union of S. Africa	17,720	...
Canada	28,100	...	British India	185,120	...
Netherlands	2,500	...	Sweden	2,070	...
Belgium	4,293	13	Belgium	6,190	...
France	...	...	France	5,020	...
Saudi Arabia and	...	5,500	Egypt	3,980	...
Yemen	59,860	...	U.S.A.	118,720	...
Japan	...	332	Other Countries ...	1,821	500
Other Countries ...	...	...			
Totals	101,313	2,000 5,845	Totals	340,581	500

NEW YORK MONEY AND EXCHANGE RATES							
The Irving Trust Company cables the following money and exchange rates in New York:—							
	Sept. 18, 1935	Aug. 19, 1936	Aug. 26, 1936	Sept. 2, 1936	Sept. 9, 1936	Sept. 16, 1936	
Call money	%	%	%	%	%	%	
Time money (90 days' mixed coll.)	1½	1½	1½	1½	1½	1½	
Bank acceptances:—							
Members—eligible, 90 days	½	½	½	½	½	½	
Non-mem.—eligible, 90 days	½	½	½	½	½	½	
Commercial accept., 90 days	½	½	½	½	½	½	
Selling Rates							
	½	½	½	½	½	½	

	Sept. 18, 1935	Aug. 19, 1935	Aug. 26, 1936	Sept. 2, 1936	Sept. 9, 1936	Sept. 16, 1936
Call money	1%	1%	1%	1%	1%	1%
Time money (90 days' mixed coll.)	1½	1½	1½	1½	1½	1½
Bank acceptances—						
Members—eligible, 90 days	1½	1½	1½	1½	1½	1½
Non-mem.—eligible, 90 days	1½	1½	1½	1½	1½	1½
Commercial accept., 90 days	1½	1½	1½	1½	1½	1½

Rates of Exchange, New York on—		Par Level	Sept. 18, 1935	Sept. 2, 1936	Sept. 9, 1936	Sept. 10, 1936
London—						
60 days	Dollars for £1	Old par 4-8866	4-9150	5-0187	5-0418	5-0495
Cable		New par 4-9337	5-0304	5-0581	5-0565	5-0605
Cheques		8-2397	5-0343	5-0581	5-0565	5-0605
Paris cheques	Cents for 1 franc	6-63	6-5925	6-584	6-584	6-584
Brussels	Cents for 1 belga	23-54	16-89	16-885	16-885	16-90
Switzerland	Cents for 1 franc	32-67	32-45	32-60	32-60	32-58
Italy	Cents for 1 lira	8-91	8-14	7-87	7-87	7-87
Berlin	Cents for 1 mark	40-33	40-26	40-23	40-23	40-23
Vienna	Cents for 1 peset	23-82	18-88	18-87	18-87	18-88
Madrid	Cents for 1 peset	32-67	13-665			
Amsterdam	Cents for 1 guilder	68-06	67-62	67-92	67-78	67-89
Copenhagen	Cents for 1 kroner		22-03	22-475	22-58	22-62
Oulu			24-80	25-30	25-45	25-46
Stockholm		45-37	24-45	25-06	25-03	26-12
Athens			0-94	0-94	0-94	0-94
Montreal	Cents for 1 drachma	1-29	99	99	100	100
Yokohama	Cents for Can. \$1	169-31	29-48	29-48	29-80	29-85
Yokohama	Cents for 1 yen	84-40	29-48	29-48	29-80	29-85
Shanghai	Cents for 1 dollar		38-87	30-23	30-25	30-25
Calcutta	Cents for 1 rupee		37-33	38-08	38-31	38-28
Buenos Aires	Cents for 1 peso	61-80	32-37	33-56	33-56	33-77
Rio de Janeiro	Cents for 1 milreis	11-96	8-31	8-47	8-52	8-54

The Swiss Bank Rate was changed on September 8th from 2½ to 2 per cent. Further Overseas Bank Rates, together with South African, Central and South American and Australasian exchange rates, appeared on page 453 of the issue of September 5.

THE BANK OF LONDON AND SOUTH AMERICA, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for payment of Spanish Customs duties has been fixed for the period September 11th to 20th at 136.88 per cent. The previous rate was fixed as from September 1st at 137.06 per cent.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended September 17, 1936, are issued by the Statistic Department of H. M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD

(Into and from United Kingdom)

GOLD MOVEMENT		1936	
ARRIVALS		WITHDRAWALS	
	£		£
Sept. 11	Nil	Sept. 11	Nil
" 12	Nil	" 12	Nil
" 13 Bar Gold	135,368	" 14	Nil
" 15 Bar Gold	75,566	" 15	Nil
" 16	Nil	" 16	Nil
" 17 Bar Gold	246,959	" 17	Nil
Total	457,893	Total	Nil
Movement Sept. 11, 1936, to Sept. 17, 1936 (inclusive)		£457,893	
Movement during year 1935		£7,745,822	
Movement during 1936 (Jan. 1 to Sept. 17, 1936, inclusive)		£47,039,124	
Movement during 1936 (Sept. 17, 1936, inclusive)		£87,996,321	
Movement September 21, 1931 (gold standard suspended) to Sept. 17, 1936 (inclusive)		£110,401,773	

Messrs Samuel Montagu and Company write on September 16, 1936 :—

The Bank of England gold reserve against notes amounted to £246,524,329 on the 9th instant, as compared with £245,405,334 on the previous Wednesday. Purchases of bar gold as announced by the Bank during the week amounted to £318,940. In the open market about £1,230,000 of bar gold was disposed of at the daily fixing. Demand was unusually for a special account and prices included a premium over gold exchange parities. With the weak tendency of the gold currencies in terms of sterling, following the industrial troubles in France, the price of gold touched lower levels, yesterday's quotation of 137s. 4d. being the lowest since June 7, 1934. The situation in France is likely to govern the tendency for the time being, meanwhile gold continues to leave Paris for New York. The s.s. "Strathaird" which sailed from Bombay on the 12th instant carried gold to the value of about £525,000 consigned to London.

There has been little movement in prices, but the weakness of the dollar made for a rather dull tendency. By the 12th instant quotations had sagged to 19½d. for both deliveries, at which they remained unchanged until to-day when, on some Indian and bear covering orders, cash was quoted at 19½d. on a premium of ½d. over two months. Demand for the Indian Bazar has been strong, but further support was given by America, which the former also effected some resales. Speculators bought and sold but sales on China account have been very moderate. The market appears steady at about the present level of prices, but there is the possibility of any important advance in the near future.

The following statistics of imports and exports of gold and silver for the week ended September 17, 1936, are issued by the Statistical Department of H. M. Customs and Excise.

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British S. Africa ...	£	£	British India	£	£
Tanganyika	1,704,199	...	Straits Settlements	...	2,7
Kenya	10,268	...	Germany	5,600	3,0
Sudan	15,888	...	Netherlands	90,960	1,4
British India	2,089	...	France	...	5,0
British Malaya	304,848	...	Switzerland	50,000	13,0
Australia	14,513	...	U.S.A.	152,725	50,0
New Zealand	35,201	...	Other countries ...	1,507	13,9
Germany	16,630	...			
Netherlands	398,916	980			
Belgium	...	...			
Belgian Congo	3,180	...			
France	79,925	...			
Switzerland	5,528,543	1,824			
Italy	20,938	2,250			
Iraq	2,765	2,155			
Venezuela	3,693	...			
Other countries ...	3,549	...			
	572	...			
Totals	8,145,818	3,230	Totals	300,792	34,0
		4,979			64,9

ANGLO-IRANIAN OIL COMPANY, LTD.—Production in Iran for the month of July amounted to 696,000 tons, making a total of 4,784,000 tons for the first seven months of 1936.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended September 5, 1936, was 466,000 barrels.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended September 12, 1936, was: Bolivar District, 767,713 barrels; Maracaibo District, 74,568 barrels; total, 792,281 barrels.

* At current market value. † Coin which is of legal tender in the United Kingdom.

COMPANY NEWS

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Sept. 11, 1936. (c) Week ended Sept. 12, 1936.	Miles Open	Gross Receipts, week ended Sept. 13, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (37 weeks) (£'000)				
		Passenger &c.	Merchandise &c.	Coal and Coke	Total	Total Receipts	Passenger &c.	Merchandise &c.	Coal and Coke	Total	Total Receipts
Great Western	1936 3,748	236	198	100	298	534	7,965	6,933	3,681	10,614	18,579
(c) L. & N.	1936 3,748	230	195	96	291	521	7,886	6,647	3,609	10,256	18,142
Eastern	1936 3,336	363	320	212	532	895	12,256	11,792	8,475	20,267	32,533
L. M. & S.	1936 3,336	348	303	209	512	869	12,062	11,326	8,056	19,382	31,444
Scottish	1936 3,336	538	493	224	717	1,255	18,843	17,771	8,732	26,153	44,986
Southern	1936 3,336	522	467	219	686	1,208	18,532	16,896	8,335	24,749	43,281
(b) Belfast	1936 2,154	353	66	28	94	447	11,664	2,287	1,136	3,423	15,087
(c) Southern	1936 2,154	339	64	29	93	432	11,522	2,260	1,078	3,338	14,860
Total	1936 19,149	1,490	1,077	564	1,641	3,131	50,728	38,883	22,074	60,457	111,185
(b) Belfast	1936 1,439	102	19	10	39	161	5,002	3,662	2,096	5,725	10,777
(c) Co. Down	1936 80	3	4	...	0	3	100	6	...	19	120
(b) Great	1936 543	13	8	...	0	3	99	7	...	18	118
(c) Northern	1936 543	12	3	...	0	3	403	7	...	342	746
(b) Southern	1936 2,078	47	4	...	0	4	338	3	...	333	721
(c) Great	1936 2,124	41	1	...	0	1	1,341	4	...	1,464	2,806
(c) Southern	1936 2,124	41	1	...	0	1	1,314	7	...	1,362	2,676

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935
(000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1935, compared with second half-year, 1934:				
Gross increase or decrease	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year, 1935:				
Gross increase or decrease	+ 263	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935:				
11 weeks to September 13, 1936	+ 174	+ 778	+ 545	+ 142
Weekly average second half 1936	+ 15	+ 70	+ 49	+ 12
Latest week 1936 compared with 1935	+ 13	+ 47	+ 35	+ 15

LONDON TRANSPORT

	Week ending September 12, 1936	Aggregate 11 weeks to September 12, 1936
Week ending September 12, 1936	£588,200	£5,882,200
Aggregate 11 weeks to September 12, 1936	£6,092,100	£60,921,000
For an explanation of the manner in which the figures are made up, see the <i>Economist</i> , March 17, 1934, page 610.		

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1936	+ or -
				1936	+ or -
INDIAN					
Assam Bengal	21	Aug. 20	1,330	Rs. 4,57,300	+ 69,570
Barsi L. Ry.	21	Aug. 20	292	Rs. 1,34,300	+ 2,400
Bengal & N. Western	22	Aug. 21	1,112	Rs. 19,14,267	+ 1,88,594
Bengal-Nagpur	21	Aug. 20	3,258	Rs. 19,14,000	+ 17,318
Bombay Bar. & C.I.	24	Sept. 10	3,072	Rs. 22,52,000	+ 2,92,000
Bombay & S. Mahr.	21	Aug. 20	3,229	Rs. 17,47,000	+ 23,884
Rohilk'd & Kumaon	22	Aug. 21	546	Rs. 1,48,872	+ 15,522
South Indian	21	Aug. 20	2,532	Rs. 11,30,690	+ 17,887

† 10 days.

CANADIAN

Canadian National	36	Sept. 7	2,361	\$ 3,659,392	+ 532,024
Canadian Pacific	36	Sept. 7	1,723	\$ 3,094,000	+ 634,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia)	37	Sept. 13	834	\$ 13,250	- £ 490
Argentine N.E.	11	12	753	\$ 169,500	+ 5,700
B.A. and Pacific	11	12	2,860	\$ 1,979,111	+ 83,000
B.A. Central	10	5	...	\$ 276,118	+ 5,008
B.A. Gt. Southern	11	12	5,084	\$ 1,532,000	+ 16,700
B.A. Western	11	12	1,930	\$ 1,112,176	+ 20,355
Central Argentine	11	12	3,700	\$ 1,636,000	+ 12,000
Central Uruguay	10	5	273	\$ 37,412	+ 638
C. Urug. (East Ext.)	10	5	311	\$ 12,589,150	+ 538,150
C. Urug. (W. Ext.)	10	5	185	\$ 1,152,891	+ 31,869
C. Urug. (N. Ext.)	10	5	211	\$ 9,440	+ 1,219
C. Urug. (N. Ext.)	10	5	211	\$ 1,157	+ 157
Cordoba Central	11	12	1,218	\$ 582,000	+ 58,000
Entre Rios	11	12	810	\$ 233,080	+ 3,470
G. Westn. of Brazil	37	12	1,082	\$ 229,100	+ 14,800
Leopoldina	37	12	1,918	\$ 1,134,476	+ 898
Leopoldina Termal.	37	12	...	\$ 20,113	+ 686
Nitrate	37	12	...	\$ 319,000	+ 33,000
Paraguay Central	11	12	274	\$ 3,724	+ 1,112
Salvador	11	12	100	\$ 2,826,000	+ 3,000
San Paulo	36	6	1,534	\$ 8,112	+ 1,773
United of Havana	11	12	1,353	\$ 14,658	+ 2,655

Converted at average official rate during week ended Sept. 12-17-00 pesos to the £.
Free market rate.
Converted at official rate.
Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta	20	Aug. 31	621	£ 18,363	- £ 178
Light Railways	36	Sept. 10	...	£ 1,348	+ 12
Egyptian Markets	36	Sept. 10	...	£ 14,208	- 62,843
Gr. South. of Spain	34	Aug. 29	104	£ 252,700	+ 10,700
Mexican Railway	35	Sept. 7	483	£ 2,452,000	+ 14,200

† 11 days.

SUEZ CANAL RECEIPTS

Suez Canal	35	Aug. 31	...	Frs. 20,870,000	- 513,000
				Frs. 563,840,000	- 136,800,000

† 11 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine	36	Sept. 9	328	£ 651,790	+ 26,784
B. Aires Lacroze	10	10	...	£ 60,973	+ 4,143
Burnley, Colne and Nelson Jt. Trspt.	1	Sept. 12	78	£ 5,073	+ 174
Calcutta Tramways	37	12	...	Rs. 1,16,129	+ 6,353
Isle of Thanet Elec.	35	12	...	£ 5,783	+ 156
Liverpool Corp.	23	9	...	£ 29,750	+ 607
Madras Electric	35	Aug. 31	...	Rs. 51,241	+ 1,382

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1936	+ or -
				1936	+ or -
Algoma Central	7	July 31	Gross	\$154,498	+ 3,306
Bilbao River	8	Aug. 31	Gross	£1,791	+ 628
Catalina Warehouses	1	Aug. 31	Gross	£1,854	+ 879
Costa Rica	1	July 31	Gross	£21,438	+ 7,708
Dorada	8	Aug. 31	Gross	£16,900	+ 4,000
Dorada (Ropeway Extn.)	8	Aug. 31	Gross	£4,100	+ 200
La Guaira Harbour	1	Aug. 31	Gross	£16,329	+ 7,742
Midland Uruguay	2	Aug. 31	Gross	£76,000	+ 13,146
N. Western of Uruguay	2	Aug. 31	Gross	£7,887	+ 2,378
Rangoon Electric Tramway	8	Aug. 31	Gross	Rs. 61,700	+ 2,071
Uruguay Northern	2	Aug. 31	Gross	£7,500	+ 1,050

REPORTS AND NOTICES

BANKS

IMPERIAL BANK OF IRAN.—At an extraordinary meeting of the Imperial Bank of Iran, held September 16th, a special resolution approving the Supplemental Charter whereby provision is made for the increase of the capital of the bank from £650,000 to £1,000,000, divided into 100,000 shares of £10 each, and for the capitalisation of £350,000, part of the assets of the bank, and for altering the manner in which special resolutions are to be passed, was carried unanimously. A confirmatory meeting will be held on October 2nd.

THE YOKOHAMA SPECIE BANK, LTD.—The accounts for the half-year ended June 30, 1936, show net profit for the past half-year of Yen 17,196,651.83, including Yen 10,060,937.10 brought forward from the preceding half-year. The amount was distributed as follows: to reserve fund, Yen 1,750,000; dividend at 10 per cent. per annum, Yen 5,000,000; balance carried forward, Yen 10,446,651.83. The results achieved have again proved most satisfactory and highly encouraging. It has been possible not only to maintain the dividend at 10 per cent. per annum, but to place a further sum of Yen 1,750,000 to reserve, so bringing this fund to Yen 130,900,000 and to carry forward an amount of Yen 10,446,651.83. Mr. Kenji Kodama has retired from the presidency of the bank and Mr. Toshikata Okubo, previously vice-president, has succeeded him as president, while Mr. Yakichi Suitsu has been elected as vice-president.

MISCELLANEOUS

"THE MANGANESE BOOM."—In a leading article, published in the *Economist* of August 8th, by an error of transcription, South Africa's output was given at 947,000 metric tons in 1930 (instead of 147,000 tons) and at 702,000 metric tons in 1931 (instead of 102,000 tons), and Egypt's production in 1929 at 791,000 metric tons (instead of 191,000 tons).

CERTIFIED ACCOUNTANTS.—The next examinations of the London Association of Certified Accountants will be held on December 1st, 2nd and 3rd in Belfast, Birmingham, Bristol, Cardiff, Cork, Dublin, Edinburgh, Glasgow, Hull, Leeds, Liverpool, London, Manchester, Newcastle-on-Tyne, Nottingham, Plymouth and Sheffield. Women are eligible under the Association's regulations to qualify as certified accountants upon the same terms and conditions as are applicable to men. Particulars and forms are obtainable at the offices of the Association, 50, Bedford Square, London, W.C.1.

KETTON PORTLAND CEMENT COMPANY, LTD.—Profit on trading after charging current working expenses but before charging depreciation amounted to £65,469 for year to June 30, 1936, comparing with a trading profit of £53,566 for year to June 30, 1935. The 74 per cent. shareholders receive 8 per cent. against 74 per cent. The ordinary dividend is higher at 10 per cent., compared with 74 per cent. The sum of £20,000 is transferred to depreciation reserve account against £18,000, while £8,000 is written off preliminary expenses against £5,568. This extinguishes preliminary expenses account altogether. The carry forward is increased from £14,619 to £16,457. Meeting at Sheffield, September 29th, at 3.30 p.m.

ARDATH TOBACCO COMPANY, LTD.—The report for year to June 30, 1936, discloses a net profit of £460,475 compared with £460,427 for year to June 30, 1935. Preference dividend absorbs £84,000 as before. The ordinary dividend is again 12 per cent. free of income tax, and amounts to £360,000. The carry forward is increased from £249,421 to £265,896. Total assets, £5,889,372, of which £2,942,439 is for goodwill, trade marks and registered brands at cost. Stocks stand at £828,869 against £802,900, Debtors are at £383,588, against £406,145. Cash stands at £1,395,507, against £1,262,368. Reserves total £760,019.

AFRICAN STEAM SHIP COMPANY (OFFICIAL RECEIVER'S STATEMENT).—Mr E. T. A. Phillips, Senior Official Receiver, informed the creditors and shareholders of the African Steam Ship Company on September 15th that the present position was quite hopeless with regard to the shareholders. The creditors, he said, would receive something less than 1 per cent. on the amount of their claims, and there was not the remotest possibility of any return being made to the shareholders. The statement of affairs lodged under the liquidation shows liabilities to unsecured creditors £722,897, and the only assets are the 6,000 shares of Elder Dempster Lines Holdings, estimated to realise £6,900. The deficiency to creditors amounts to £715,997 and the issued capital to £2,500,000, thus increasing the deficiency to £3,215,997.

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash					
Name of Company	* Interim or † Final	Date of Pay- ment	Comparison with Last Year	Total	
				Latest Year	Previous Year
RAILWAYS					
Marianao and Havana Railway...	1%	Sept. 15	2%*	%	%
BANKS					
Bank of Scotland	9%*	Oct. 15	Same	...	...
Chartered Bank of India, etc.	14%	Sept. 23	Same	...	...
Eastern Bank	3/- p.s.*	Sept. 30	Same	...	...
Yokohama Specie Bank	10	...	Same	...	...
INSURANCE					
Britannic Assurance	15/-ps*	...	Same	...	...
Eagle Star and British Dominions Insurance, Ordinary	6 1/2%	Sept. 30	5 1/2%*	...	...
Do. New Ord. (45% paid)	4-5537%	* Oct. 30	...	...	...
Sea Insurance	8 1/2%	Oct. 8	Same	...	...
Yorkshire Insurance £2 1/2 with 10s. paid	11/9p.s.*	Oct. 12	Same	...	...
Do, fully paid	13/6p.s.*	Oct. 12	Same	...	...
Do, Staff 5s. shares	110 1/4d.p.s.	Oct. 12	Same	...	...
TEA AND RUBBER					
Bandarapola Rubber	3%	Sept. 29	...	...	...
Bantam (Java) Rubber	...	Sept. 29	...	6	5
Berangan (Java) Rubber	...	Oct. 20	...	4	3
Ceylon and Selangor) Rubber	...	Oct. 6	...	4	4
Consolidated Malay Rubber	3%	Sept. 30	Nil*	...	...
Ederapola Tea of Ceylon	2 1/2%	Sept. 23	Nil*	...	...
Highland Tea of Ceylon	3%	Sept. 18	Same	...	...
Kepong (Malay) Rubber	3 1/2%	Oct. 16	Nil*	...	...
Klang Produce	4%	Oct. 14	3%	3	4
Langkapoera (Sumatra) Rubber	...	Sept. 29	...	...	...
Mergul Crown Estates	3 1/2%	Oct. 30	Nil*	...	...
Pilmoor Rubber	1d. p.s.*	Sept. 30	Nil*	20	Nil
Raja Musa Rubber (10% Pref.)	...	Sept. 26	...	...	...
Rosevale Rubber	1d. p.s.*	Sept. 30	Nil*	...	...
Sengat Rubber	...	...	...	4	5
Sungei Tamar Rubber	...	Oct. 17	...	5	4
MINING					
Champion Reef Gold of India (10s.) ..	1/9 p.s.*	Oct. 10	1/3 p.s.*	...	...
Chendiang Tin	6%†	...	5%†	11	7 1/2
Mysore Gold Mining	9d. p.s.*	Oct. 17	Same	...	...
Oreogun Gold Mining of India	10%	Oct. 24	...	...	...
Pref. (10s.)	2 1/2%	Sept. 30	...	...	...
Rawang Tin Fields	15%†	Oct. 14	10%†	20	10
Reang Tin	5%	Oct. 7	Same	...	...
Sungei Way Dredging	3d. p.s.*	Sept. 24	Same	...	...
Telid Minerals	...	...	...	...	...
OTHER COMPANIES					
Aire and Calder Navigation	2%	Sept. 30	Same	...	...
Aire Wool	11%*	Oct. 15	First	10	...
Alliance Trust	32%†	Oct. 1	Same	42	20
All Saints' Brewery	15c. p.s.*	Oct. 1	10%†	...	...
American Cyanamid A & B	2%	Sept. 30	10 cts. p.s.*	...	...
American Investment and General Trust (Def.)	30c. p.s.	Oct. 15	Same	...	...
American Rolling Mill	5d. p.s.*	...	Same	12	12
Ardat Tobacco	15%†	...	Same	25	...
Army and Navy Stores	...	Oct. 14	First period	5	5
Aspro	4d. p.s.*	Oct. 16	Same	...	...
Associated Fire Alarms	7 1/2%	Sept. 30	5%*	...	...
Associated Newspapers (Def.)	...	...	...	...	...
Associated Portland Cement	...	...	...	...	...

REPORT OF DIRECTORS.—To be submitted to the Shareholders at a Meeting to be held in the Board Room, Johannesburg Consolidated Investment Company, Limited, Consolidated Building, Fox Street, Johannesburg, on Tuesday, the 24th November, 1936, at 11 o'clock in the forenoon.

The following table summarises the principal details in the reports and accounts and gives a comparison with the previous year :—

MISCELLANEOUS INTERESTS.—13. During the year interests have been acquired in various industrial concerns dealing in products consumed by the Mines. Substantial additions and improvements will shortly be completed at the Carlton Hotel, Johannesburg. The Polana Hotel at Lourenco Marques has been disposed of.

The Company has taken up its proportion of the additional working capital issued by Vogelstruisbult Gold Mining Areas, Limited, which is expected to commence milling operations in the course of a few months.

ELECTION OF AUDITORS.—18. Messrs. S. Thomson and F. Dix, the Auditors of the Company in Johannesburg, and Messrs. Kemp, Chatteris, Nichols, Sendell & Co the Auditors in London, retire from office and offer themselves for re-election.

10 & 11, Austin Friars, London, E.C.2.
17th September, 1936.

J. B. JOEL, Chairman, } Directors
J. FRIEDLANDER, }

A. W. CHRISTIE, Secretary

Johannesburg, 8th July, 1936.

	£	s.	d.		£	s.	d.
To Directors' Fees, Salaries and other Expenses, less Amounts received from other Companies, including Transfer Fees	38,049	17	11	By Profits realised on Stocks and Shares, Dividends, and Sundry Revenue, less provision for Income Tax and amounts written off ...	1,124,251	8	
To Balance carried down	1,086,201	10	8				
	<u>£1,124,251</u>	<u>8</u>	<u>7</u>		<u>£1,124,251</u>	<u>8</u>	
	£	s.	d.		£	s.	d.
	300,000	0	0	By Balance brought down	1,086,201	10	8
To Reserve Fund	790,000	0	0	By Balance of Profit and Loss Account at 30th June, 1935	170,673	7	1
To Dividend No. 44 of 3s. and Bonus of 1s. per share, subject to United Kingdom Income Tax, declared 8th July, 1936	166,874	18	6				
To Balance per Balance Sheet	<u>£1,256,874</u>	<u>18</u>	<u>6</u>		<u>£1,256,874</u>	<u>18</u>	<u>6</u>

OVER ONE HUNDRED YEARS OF SERVICE

SCOTTISH UNION & NATIONAL

INSURANCE COMPANY

ASSETS EXCEED £16,000,000

FIRE LIFE ACCIDENT MARINE

Edinburgh: 35 St. Andrew Square
London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1

with £38 8s. 9d. to £38 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 50,253 tons, show a decrease of 88 tons, while stocks of rough copper, at 1,592 tons, show a decrease of 402 tons on the week.

LEAD AND SELLER.—Both metals remain firm. At £18 11s. 3d. per ton, lead prices reached a new high level for the current year on Wednesday. The basic position of the market is unchanged, and higher prices may be witnessed in the near future, provided the present strong demand is maintained. An active demand, both from consumers and speculators, raised spelter prices by a further 8s. 9d. to £14 18s. 9d. per ton this week. Hopes concerning the resumption of international negotiations, owing to higher production costs in Belgium, was the main reason for the improved demand; but no definite news concerning such negotiations has been received.

Sales of lead on the London Metal Exchange: 800 tons on Monday, against 2,300 tons last week; 850 tons on Tuesday, against 3,000 tons last week; 1,750 tons on Wednesday, against 1,500 tons last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £18 11s. 3d. per ton, compared with £17 18s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 1,150 tons on Monday against 500 tons last week; 950 tons on Tuesday, against 750 tons last week; 1,375 tons on Wednesday, against 1,500 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.80 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 8s. 9d. per ton, against £14 last week.

TIN.—After fluctuating continuously, prices closed on Wednesday showing a rise of 5s. per ton on the week. Demand is not active, but sellers are even more reserved than buyers, so that the market has been rather dull. Attention is at present concentrated on next Wednesday's meeting of the International Tin Committee in London. In view of this meeting, any attempt to forecast the course of prices in the near future would be futile.

Sales of tin on the London Metal Exchange: 300 tons on Monday, against 675 tons last week; 315 tons on Tuesday, against 375 tons last week; 205 tons on Wednesday, against 455 tons last week. The New York quotation on Wednesday was 42.50 cents per lb., against 42.50 cents a week ago and 42.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £194 5s. to £194 15s. per ton, compared with £194 to £194 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 705 tons, a decrease of 40 tons on the week.

WOLFRAM.—After a somewhat surprising relapse, wolfram ore prices recovered to 25s. per unit in July, and have been very steady at around 30s. per unit during the past fortnight. Demand is now quite active and supplies not too plentiful. Private advices from China indicate that the Southern Chinese Wolfram Monopoly, which has controlled the entire export from China after the end of 1933, has been dissolved since the flight of the military chief of Kwangtung. No change is, however, anticipated in China's wolfram policy, and exports of ore can be made only if permitted by the Central Government.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 18s. 6d. to £12 19s. per flask of 76 lbs., against £12 17s. to £12 17s. 6d. a week earlier. Chinese antimony was quoted at £53 to £54 per ton ex warehouse, the same as last week. Chinese wolfram for September-October shipment was quoted at 29s. to 30s. per unit c.i.f., against 29s. 6d. to 30s. 6d. a week ago. Refined platinum was steady at £14 per ounce.

TEXTILES

COTTON.—Manchester.—Inquiry has continued more encouraging. In all sections, however, it has been difficult for spinners and manufacturers to secure orders without price concessions. Traders are still confused by the raw cotton situation. On the latest information concerning supplies of the American staple, prices should advance, but an upward movement is checked by hedge selling. Weather advices from the American belt do not improve, and plants continue to be adversely affected by heat and dryness in the Western section. Supplies this season will probably be much smaller than consumption.

COTTON PRICES.

	1936				Corresponding Date	
	Aug. 28	Sept. 2	Sept. 9	Sept. 16	1934	1935
Raw Cotton—Mid. American..... per lb.	6-72	6-73	6-70	6-68	7-02	6-39
Sakellaridis Fully Good Fair..... per lb.	10-33	10-39	10-62	10-28	8-12	8-29
Yarns—32's twist..... per lb.	10-10	10-11	11	11	10-10	10-10
40's twist..... per lb.	10-10	10-11	11	11	10-10	10-10
60's twist (Egyptian)..... per lb.	16-1	16-1	16-1	16-1	16-1	15-1
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	25 0	25 0	25 3	25 4	24 4	24 1
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 2	10 2	10 3	10 3	11 2	10 2
39-in. ditto, 37 yds., 16 by 16, 8 lb.	9 2	9 2	9 2	9 2	10 1	9 1

Manufacturers of piece-goods have not been short of inquiry. A little more business for India has taken place in a variety of cloths, mostly light bleachers and fancy styles. The bulk of the demand has been for Karachi and Calcutta. Scattered sales have been reported in dyed goods

for Java and Hong Kong. Buying for South America has been patchy, but some makers of finishing styles have again done fairly well. A few more orders have been put through in fine fabrics for Switzerland. Steady buying has taken place for the Dominions and the Crown Colonies, especially South Africa, Australia and West Africa. A mixed business has been done in home trade goods. Yarns have been bought irregularly. In the American section fair weights have been booked in coarse and medium counts. Prices for ring beams are well held. A little more activity has again shown itself in Egyptian qualities.

EGYPTIAN COTTON CONTRACT.—For some months the directors of the Liverpool Cotton Association have had under consideration the introduction of a new futures contract to take the place of the existing Egyptian Sakellaridis contract. It has been recognised that some alteration was necessary owing to the declining production of Sakellaridis during the last few years. At a meeting of the members held on Monday last the new contract was approved, and trading will begin on October 1st for delivery in January, 1937, and onwards. The existing Sakellaridis contract will come to an end on September 30, 1937. The present contract is based on Fully Good Fair Sakellaridis, but the new one is based on Fully Good Fair Giza 7. For some time supplies of the latter variety have increased, and Giza is now more representative of long staple cotton.

LABOUR DISPUTE.—The members of the Weavers' Association at a mill at Skipton came out on strike about a fortnight ago as a protest against the employment of non-unionists. The Skipton Cotton Employers' Association reported the matter to the central body in Manchester. At the end of last week the committee of the Cotton Spinners' and Manufacturers' Association sent an ultimatum to the Weavers' Amalgamation that if the workpeople on strike did not return to their employment on Monday morning the employers would not take part in the meeting of the Conciliation Committee (fixed for September 22nd) to deal with the application of the weavers for an increase in wages of 15 per cent., as the joint rules had been broken. The operatives at Skipton are still on strike and the officials of the Weavers' Amalgamation confess that they have committed a breach of the joint rules. It appears, therefore, that the Amalgamation has not been able to control the local trade union. The Weavers' Amalgamation, however, have asked for a joint meeting with the employers in Manchester to discuss the situation.

WOOL.—Bradford.—The fifth series of London wool sales began last Tuesday, when there was a large attendance of buyers, the Continent being better represented than for a number of series. From the outset competition was keen, all sections participating in the bidding. The increased competition of the Continent, particularly Germany, was very welcome. The home trade is undoubtedly the largest buyer, which can be taken as evidence of low stocks in manufacturing areas. Both greasy and scoured merinos were fully firm at the best rates of the July series. Fine greasy crossbreds were about 5 per cent. dearer, medium and coarse 7½ to 10 per cent., while scoured crossbreds were unchanged to 5 per cent. dearer. Slipes met a particularly good reception; fine half-bred lambs being mostly 4d. dearer, with medium and coarse often 1d. per lb. more. Capes were par to 5 per cent. higher, while Puntas were a good 5 per cent. dearer.

Demand overseas, where a new selling season is now in full swing, is equally good. Although business in Australia is good without Japanese competition, it would be welcome news to hear that an agreement had been reached between the Australian and Japanese Governments. Japan is carrying a fair weight of wool, and can consequently well afford to do without purchasing heavily for some time to come. Apparently increasing use is being made of substitutes, but demand for raw wool is still on a large scale. Germany is greatly in need of raw wool, her stocks being very light. In British manufacturing districts machinery continues to be fairly well employed, and, following a settlement of orders for next spring—which may be hastened by the results of the current series of London sales—all spindles and looms will probably be running full time. The indications favour the maintenance of current wool prices, and stocks of raw wool at the end of the current season will probably be relatively small.

GRAIN MARKETS

WHEAT.—World prices are again on the up-grade. The official September estimates of the American and Canadian spring wheat crops are interpreted as moderately bullish in market circles. The unfavourable European political situation and adverse weather conditions for late harvesting have also contributed to the buoyant tone of the market. Meanwhile, news from the Southern Hemisphere remains fairly satisfactory, although additional rainfall would be beneficial in many parts of Argentina and Australia. There is a good milling demand in this country and shippers' quotations are very firm.

On Wednesday last, "September" futures were quoted in Chicago at 114½ cents per bushel, against 111½ cents the week before and 114½ cents a month ago. Quotations in London, Wednesday, No. 1 Northern Manitoba, ex ship, 40s. 6d. per 496 lbs., against 39s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 40s., against 38s. 9d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,500,000 quarters, against 1,155,000 in the previous week and 1,195,000 quarters in the corresponding week a year ago.

FLOUR.—Imported flour is a firm market and prices are higher generally. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 34s. per 280 lbs., against 32s. 6d. a week ago; delivered inner London, 33s. 6d., as compared with 32s. a week ago. Manitoba patents, ex store, 30s. 6d. to 32s., against 30s. to 31s. 6d. a week ago. Australian, ex store, 28s. to 28s. 6d., against 27s. 6d. to 28s. a week ago.

BARLEY.—Imported feeding barley remains a steady market. Despite unfavourable weather conditions, trading in English malting descriptions is more active. "October" futures were quoted at 58½ cents per bushel in Winnipeg on Wednesday, against 53 cents a week ago. Quotations per 48 lbs. in London on Wednesday were: "English feed" at farm, nominal, as against a nominal quotation a week ago; "English malting" (new), at farm, 32s. to 50s., against 32s. to 50s. last week; Californian (new), ex ship, 44s. to 54s., against 44s. to 54s. last week; Chilean, brewing, ex ship, 34s. to 38s., against 34s. to 38s. a week ago.

OATS.—On Wednesday, "September" futures were quoted at 42 cents a bushel in Chicago, against 41½ cents a week ago and 44½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 18s. to 19s. per 336 lbs., against 18s. to 19s. a week ago; "English White" (new), at farm, 18s. to 19s., against 18s. to 19s. a week ago; mixed Canadian feed (Vancouver), landed, 19s. 9d. per 320 lbs., compared with 20s. last week.

MAIZE.—Although the market closed on Wednesday rather below the week's best, prices are higher than a week ago. "September" futures were quoted on Wednesday at 114½ cents per bushel in Chicago, against 110½ cents a week ago and 116½ cents last month. Quotations in London, Wednesday: "Plate", landed, 25s. 3d. per 480 lbs., compared with 24s. 9d. a week ago; "Plate", ex ship, 24s. 3d. to 24s. 6d., as against

23s. 9d. a week ago; "Plate," "September," 23s. 9d., as against 23s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £6 10s. to £6 12s. 6d. per ton, as against £6 7s. 6d. to £6 10s. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to September 12	355,593	532,140	435,043	260,121
2 weeks to September 12	702,462	1,008,820	855,987	510,065
Average price of English wheat per cwt.	s. d. 4 9	s. d. 5 1	s. d. 4 8	s. d. 7 2

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
September 10, 1932....	Cwts. 118,467	Cwts. 56,087	Cwts. 45,968	s. d. 5 8	s. d. 6 6	s. d. 6 7
September 9, 1933....	355,593	356,831	48,605	4 9	10 10	5 3
September 15, 1934....	532,140	682,692	44,340	5 1	11 3	6 8
September 14, 1935....	435,043	426,223	63,733	4 8	10 4	6 2
September 5, 1936....	249,944	73,469	45,278	7 3	9 11	6 8
September 12, 1936....	260,121	804,231	42,612	7 2	10 11	6 6

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-36:—

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Sept. 18, 1935	Dec. 31, 1935	Sept. 9, 1936	Sept. 16, 1936
Winnipeg (No. 1, Manitoba).....						106
Chicago (No. 2 Winter).....	65½	82½	92½	84½	99	111½
Chicago (No. 2 Winter).....	84½	98½	97	75½	111½	114½

The visible supply of wheat in Canada amounts to 76,244,000 bushels, against 69,949,000 bushels last week, and 128,476,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—Danish remains steady, but other descriptions are generally quiet or irregular. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 97s.; Canadian, 87s.; Danish, 100s., as against 99s., 91s., and 100s. last week. Arrivals in London last week included Danish, 12,234 bales; Canadian, 4,458; Dutch, 2,279; Lithuanian, 1,779; and Polish, 2,667, as against 13,964, 4,141, 2,128, 1,527 and 2,545 bales, respectively, in the previous week.

BUTTER.—Prices for Danish butter remain steady, but Colonial makes have shown weakness. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 108s.; Australian, choicest salted, 108s.; Danish, 128s., compared with 109s. to 110s.; 109s. to 110s., and 128s., respectively, a week ago.

CHEESE.—In common with other provisions, the market in cheese has been rather easy this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 78s. to 80s.; Canadian, finest coloured, 69s. to 70s.; and New Zealand, finest coloured, 66s., against 76s. to 80s.; 71s. to 72s., and 67s. to 67s. 6d. respectively, a week ago.

COCOA.—Prices have continued to rise this week. The spot quotation in New York on Wednesday was 7½ cents per lb., as against 7½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "November-January," was quoted 34s. per 250 kilos., c.i.f. Continent, against 32s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 1,481 bags; delivered for home consumption, 9,995 bags; exported, 5,084 bags; stocks, 157,972 bags, against 133,853 bags a year ago.

COFFEE.—The markets in London and New York have again been quietly steady. On Wednesday, Rio No. 7 (cash) was quoted at 8 cents per lb. in New York, as compared with 8 cents per lb. last week and 8 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 50 cwt.; delivered for home consumption, 101 cwt.; exports, nil; stocks, 9,957 cwt., against 13,516 a year ago. Central and South American, landed, 654 cwt.; delivered for home consumption, 2,335 cwt.; exported, 711 cwt.; stocks, 84,674 cwt., against 127,779 last year. Other kinds landed, 542 cwt.; delivered for home consumption, 3,152 cwt.; exported, 475 cwt.; stocks, 124,616 cwt., against 146,856 last year.

EGGS.—Prices are again firm on rather short supplies. At Smithfield on Wednesday, English (ordinary packing, Grade I about 15-15½ lb.) realised 15s. 9d. to 16s. 3d. per 120, as against 15s. 6d. to 16s. last week, while Danish (15½ lb.) made 12s. to 12s. 6d. per 120, as against 12s. to 12s. 6d. last week.

FRUIT.—With the passing of holiday influences, Covent Garden market has settled down to a more steady and consistent trade, states *The Fruit-grower*. Although some prices remain low, a firmer tendency is often apparent. Supplies of apples continue heavy, but with the elimination of inferior fruit, best grade clean samples are being fairly good at the moderate prices ruling. Plums, although abundant enough to keep prices low, are not in such heavy supply this week. Blackberries are doing better, while peaches, nectarines and melons are firm on an active demand, while lemons are scarce and exceptionally dear. As a result of somewhat shorter supplies, grape fruit are doing better.

MEAT.—At Smithfield Market trade has been moderate and prices generally show little change. On Wednesday last, Argentine chilled hind-quarters were quoted at 3s. 10d. to 4s. 4d. per 8 lbs., as compared with 3s. 10d. to 4s. 2d. a week ago. New Zealand frozen mutton was 3s. to 3s. 10d. per 8 lbs., against 3s. to 3s. 10d. a week ago. According to the

Consolidated Main Reef Mines & Estate, Limited

(Incorporated in the Union of South Africa)

Extracted from the Annual Report for the Year ended 30th June, 1936

Capital, £1,247,602 in 1,247,602 Shares of £1 each (all issued)

DIRECTORATE

C. I. READ (Chairman). SIR ABE BAILEY, Bart., K.C.M.G.
R. S. G. STOKES. G. CARLETON JONES. MAJOR C. S. GOLDMAN.
W. A. MACKENZIE. A. A. AURET. W. H. A. LAWRENCE.

Tonnage Milled, 1,753,000.

	£	s.	d.	Per ton milled.
Total Working Revenue	£2,481,805	5	9	£1 8 4
Total Working Expenditure	1,795,264	16	6	1 0 6
Working Profit	£686,540	9	3	£0 7 10

Total Profit for the year	£694,173	3	8
Balance unappropriated at 30th June, 1935	200,919	12	10
Forfeited Dividends Account	103	16	5
£895,196	12	11	

This amount has been dealt with as follows:—

Net Expenditure on Capital Account for the Year	£92,670	0	10
Miners' Pensions—Provision on account of Outstanding Liability as at 31st July, 1935	6,023	0	0
Provision for Taxation	206,339	15	7
£305,032	16	5	

Dividends declared during the year:—

No. 52 of 12½ per cent., and No. 53 of 17½ per cent.	£374,280	12	0
Leaving a balance unappropriated of	£215,883	4	6

Ore Reserve.—The available ore reserve has been re-estimated, and is as follows:—

	Tons.	Value.	Stopping width, Inches.
Main Reef	479,500	4.22	53.9
Main Reef Leader	3,237,000	5.09	50.4
South Reef	2,998,600	4.64	49.1
Bird Reef	2,973,600	3.41	79.8
Total	9,688,700	4.39	56.5

In addition, there were 781,800 tons of payable ore developed, of an average value of 5.23 dwt. per ton standing in shaft and safety pillars, which are not at present available for stopping.

The available reserve shows an increase of 2,558,400 tons compared with the previous estimate, the value being 0.35 dwt. lower and the width the same.

The Full Report and Accounts (with Plans of Workings) may be obtained from the London Secretaries, A. MOIR & Co., No. 4 London Wall Buildings, London, E.C.2.

Smithfield Market official report, supplies during last week amounted to 9,721 tons, an increase of 869 tons on the corresponding week last year. Beef and veal accounted for 5,266 tons, mutton and lamb 2,696 tons, and pork and bacon 1,088 tons, as compared with 4,572, 2,466 and 1,106 tons, respectively, in the same week of 1935.

MILK.—Information relative to the operation of the Milk Marketing Scheme during August, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

	August, 1935	May, 1936	June, 1936	July, 1936	August, 1936
	d.	d.	d.	d.	d.
Regional pool prices* (per gallon)					
Northern	10	8½	9	9½	9½
North-Western	10½	8½	9	9½	9½
Eastern	10½	9	9½	10	10
East Midland	9½	8½	8½	9½	9½
West Midland	10	8½	8½	9½	9½
North Wales	10½	8½	9	9½	9½
South Wales	10½	8½	9	9½	9½
Southern	10½	9½	9½	10	10
Mid-Western	9½	8½	8½	9½	9½
Far Western	9½	8½	8½	9½	9½
South Eastern	10½	9½	9½	10½	10½
Liquid milk price (per gallon, all regions)	13	12	12	13	13
Manufacturing price (per gallon, average)	5-73	4-755	4-941	5-05	5-256
	Million gallons				
Total sales under contract	70-65	80-56	87-56	84-59	80-00
For liquid consumption	45-03	48-03	46-67	47-29	45-82
For manufacturing	25-62	42-53	40-89	37-30	34-18

* On account to the nearest farthing.

Accredited producers receive 1d. per gallon in addition to the above prices. Premiums for level deliveries and for Grade "A" or special services are paid to the producers concerned in addition to the pool price. Transport charges are payable by individual producers and are deducted from accounts.

EXPORTS of PRODUCE and MANUFACTURES of the UNITED

KINGDOM (Value F.O.B.)				
	Month ended August 31		Eight Months ended August 31	
	1934	1935	1934	1935
I.—Food, Drink and Tobacco—				
A. Grain and Flour	£ 50,599	143,195	1,250,764	£ 1,166,163
B. Feeding-stuffs for Animals	29,736	42,755	397,801	593,173
C. Animals, Living, for Food	318	222	4,694	2,378
D. Meat	68,962	87,005	529,055	640,190
E. Dairy Produce	113,698	154,430	720,291	874,334
F. Fresh Fruit and Vegetables	7,661	10,271	124,710	78,331
G. Beverages and Cocoa Preparations	730,811	990,821	5,718,073	7,936,478
H. Other Food	1,111,103	891,492	7,603,780	7,749,497
I. Tobacco	319,059	355,890	2,824,260	2,946,003
Total, Class I	2,526,047	2,775,991	19,122,128	21,786,547
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,784,852	2,370,641	21,106,831	18,864,078
B. Other Non-Metalliferous Mining and Quarry Products and the like	87,081	93,846	719,947	702,586
C. Iron Ore and Scrap	26,510	24,998	298,040	228,081
D. Non-Ferrous Metalliferous Ores and Scrap	150,832	143,425	1,122,288	1,379,899
E. Wood and Timber	7,536	4,303	64,686	62,643
F. Raw Cotton and Cotton Waste	81,354	49,182	808,572	544,038
G. Wool, Raw and Waste, and Woolen Rags	489,669	547,585	5,436,629	4,495,679
H. Silk, Raw, Knives and Nolls	612	1,404	8,395	9,232
I. Other Textile Materials	23,865	42,044	248,001	336,552
J. Seeds and Nuts for Oil, Oil, Fats, Resins and Gums	207,381	359,651	1,964,440	2,247,479
K. Hides and Skins, Undressed	67,782	102,496	659,587	1,235,004
L. Paper-making Materials	80,519	111,548	725,563	765,938
M. Rubber	15,267	10,618	104,683	120,899
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	108,029	113,884	1,764,734	1,798,076
Total, Class II	4,143,399	3,975,605	35,052,391	32,817,066
III.—Articles Wholly or Mainly Manufactured				
A. Coke and Manufactured Fuel	281,565	265,163	1,847,020	1,814,448
B. Pottery, Glass, Abrasives, etc.	796,391	711,008	5,430,766	5,635,509
C. Iron and Steel and Manufactures thereof	3,008,353	2,617,037	23,552,910	23,022,460
D. Non-Ferrous Metals and Manufactures thereof	1,173,868	960,639	9,292,947	8,183,400
E. Cutlery, Hardware, Implements and Instruments	650,676	638,077	5,259,418	5,264,247
F. Electrical Goods and Apparatus	719,545	753,083	5,813,728	6,275,576
G. Machinery	3,012,380	3,119,771	25,715,843	26,931,216
H. Manufactures of Wood and Timber	91,372	90,821	680,299	777,444
I. Cotton Yarns and Manufactures	4,984,932	5,032,279	40,422,756	40,292,377
J. Woolen and Worsted Yarns and Manufactures	2,952,740	3,052,479	20,310,888	21,581,596
K. Silk Yarns and Manufactures	89,544	90,810	722,599	787,115
L. Manufactures of other Textile Materials	1,245,928	1,307,478	10,404,182	11,225,936
M. Apparel	1,031,057	1,054,805	7,003,424	7,608,686
N. Chemicals, Drugs, Dyes and Colours	1,566,449	1,539,070	18,842,219	18,692,242
O. Oils, Fats and Resins, Manufactured	402,690	405,596	3,581,437	3,276,637
P. Leather and Manufactures thereof	278,464	318,727	2,384,798	2,680,808
Q. Paper, Cardboard, etc.	527,309	518,067	4,244,438	4,240,666
R. Vehicles (Including Locomotive, Ships and Aircraft)	2,450,499	2,864,378	19,932,345	20,808,570
S. Rubber Manufactures	118,362	115,183	1,014,023	1,065,066
T. Miscellaneous Articles wholly or mainly Manufactured	1,859,399	2,003,494	14,634,368	15,883,686
Total, Class III	27,181,527	27,477,965	216,139,973	220,847,611
IV.—Animals, not for Food	64,995	95,392	402,615	684,564
V.—Parcel Post	966,987	93,432	1,019,844	7,354,444
Total	34,992,095	35,055,115	272,738,951	285,170,234

The quantities catalogued for the public auctions in Mincing Lane this week comprised 57,666 packages of Indian and 23,299 packages of Ceylon tea. At the Indian sales the tone was generally good, and quotations were about unchanged. The market in common Ceylon sorts was, however, barely steady, and prices were easier in some instances.

VEGETABLES.—The vegetable section at Covent Garden market shows signs of general improvement, according to *The Fruitgrower's* correspondent. Supplies of tomatoes, however, are heavy, and prices are at the season's low level. Cucumbers have met a moderate trade at easy rates. Cabbage and marrows continue plentiful, and cheap, but good samples of green peas and best stick beans are realising more money. Cauliflowers remain at a moderate trade, while mushrooms are still in somewhat limited supply. Celery is doing fairly well, and onions, carrots and turnips have improved. Meanwhile, in response to cooler weather and the elimination of poor quality samples, the potato trade shows some improvement. At the Borough Market on Tuesday, best King Edward's were steady at 6s. 6d. to 7s. per cwt.

VEGETABLE OILS AND OILSEEDS.—Markets are quiet, with a rather easier tendency. Linseed oil is in fair demand from consumers for spot and near delivery, and, in sympathy with seed, prices are a shade lower on the week. Rape oil, ex Hull, for October–December delivery, is quoted around £25 10s. per ton, at which actual business is recorded. The seed outlook is satisfactory. Weather conditions in Argentina and on the Pampas are favourable to the newly sown seed, and should not be unforeseen happenings. A bumper yield is expected. Meanwhile, shipments of the old crop proceed.

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
	d.	d.	d.	d.	d.	d.	d.
Sept. 12, 1935	17-17	11-54	14-06	10-50	9-30	10-73	14-74
July 30, 1936	12-05	11-81	12-81	10-32	9-84	11-13	12-18
Aug. 13, "	12-67	11-88	12-86	10-23	9-76	11-20	12-47
Aug. 20, "	14-04	11-90	13-03	10-47	9-31	11-34	18-07
Aug. 27, "	14-43	11-99	13-21	10-73	9-88	11-44	18-47
Sept. 3, "	15-13	12-19	13-39	10-88	10-19	11-76	13-88
Sept. 10, "	14-82	12-13	13-31	11-02	10-06	11-28	13-88

RUBBER.—The market has had a steadier tone this week, and prices are a shade higher. Demand remains only moderate, but selling pressure has been absent. Attention is now being concentrated on the meeting of the International Committee, to be held in London on September 29th. The market is likely to remain inactive in the meantime. The spot price in New York on Wednesday was 16½ cents per lb., compared with 16½ cents per lb. a week ago and 16¼ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7d. on the corresponding day last week. In forward positions, business has been done at 7½d. to 7½d. for "October-December" shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 106,279 tons, against 108,993 tons a week earlier. A year ago stocks amounted to 178,012 tons.

UNITED KINGDOM

LONDON, September 16th				The prices in the following are revised with the assistance of an eminent firm in each department.			
CEREALS AND MEAT				POTATOES—			
GRAIN, Etc.—				English King Edward			
Wheat—	s. d. s. d.			per cwt.	6	6	7 0
No. 2, N. Man. 498 lb.	40	0					
Eng. Gaz. av., per cwt.	7	2					
Barley, Eng. Gaz. av. ...	10	11					
Oats	6	8					
Maize, La Plata, landed							
480 lb.	25	3					
Flour, Lon. stan. ex mill,							
280 lb.	32	3					
Rice, No. 2 Burma, per cwt.	8	3					
Beef, per 8 lbs.—							
English long sides	3	6	4				
Argentine salted hinds	3	10	4				
Mutton, per 8 lbs.—							
English wethers	6	0	7 0				
N.Z. frozen	3	0	3 10				
Lamb, per 8 lbs.—							
N.Z. frozen	4	6	5 2				
Pork, English, per 8 lbs.	5	4	6 4				
OTHER FOODS				SPICES—			
English	per cwt.	97	0	Pepper, per lb.—	0	2	
Irish	88	0	101 0	Black, Lampong	0	4	
Danish	100	0		White Muntok	0	4	
Dutch	94	0		Cinnamon—1st sort, per lb.	0	8	
HAMS				Cloves—Zanzibar per lb.	0	8	
Canadian	92	0	94 0	Ginger—per cwt.—	67	6	
United States	88	0	90 0	African	62	6	90 0
BUTTER				Jamaica, ord. to good	1	6	2 6
Australian	108	0		Mace—per lb.	0	11	
New Zealand	108	0		Nutmegs, 65's	0	11	
Danish	128	0		SUGAR—			
CHEESE				(Duty, 11/8 per cwt.)			
Canadian	per cwt.	69	0	Centrifugals, 96's, prt.	4	5	
New Zealand	66	0	70 0	shipm., c.i.f. U.K./Cont.	18	6	18 9
English Cheddars	78	0	80 0	B.W.I., crystallised	Nominal.		
Dutch	44	0	53 0	Java, white, c. & f. India			
COCOA				Oct-Dec			
(Duty, British grown,				Refined—London	17	6	
11/8; foreign, 14/- cwt.)				Yellow Crystals	21	9	22 3
Acara, f.f.	per cwt.	34	0	Cubes	19	10	20 0
Trinidad	50	0	64 0	Crushed	17	10	18 9
Grenada	59	0	64 0	Granulated	17	7	18 0
COFFEE				Home Grown			
(Duty British grown				TEA—			
4/8; foreign, 14/- cwt.)				Indian—per lb.—	0	11	1 8
Santos sup. c. & f. cwt.	42	0	58 0	Pekoe	0	11	1 9
Colombian, good	48	0	58 0	Broken Pekoe	1	0	2 9
Costa Rica, med. to good	55	0	75 0	Orange Pekoe	0	11	2 11
East Indian	48	0	62 0	Broken Orange Pekoe	0	11	1 10
Kenya, medium	15	0	62 0	Pekoe	0	11	1 5
EGGS				Broken Pekoe	1	0	
English	per 120	15	9	Orange Pekoe	0	11	1 11
Danish	12	0	12 6	Broken Orange			
FRUIT—Oranges				TOBACCO—			
South African	boxes	15	0	(Duty, 9/6-10/6 per lb.,			
Brazilian	boxes	16	0	Empire growth, 7/5-			
Lemons, Malaga	boxes	18	0	8/4 per lb.)			
" Sicilian	boxes	28	0	Virginia leaf	0	8	2 6
Apples; A-car. (var.) bris.	28	0	31 0	Common to fine	0	8	1 10
" (var.) boxes	9	0	11 0	Rhodesian leaf	0	7	1 4
" Australian							

UNITED STATES

(New York quotations unless otherwise stated)

	Sept. 18, 1935 Cents	Aug. 19, 1936 Cents	Sept. 9, 1936 Cents	Sept. 16, 1936 Cents		Sept. 18, 1935 Cents	Aug. 16, 1936 Cents	Sept. 9, 1936 Cents	Sept. 16, 1936 Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel ...	97	114½	111½	114½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-47	3-70	3-65	3-60
Maize, nearest future, Chicago, per bushel	81½	116½	110½	114½	Cotton, middling, spot, per lb. Rubber, smoked sheet, spot, per lb.	11½	16½	16½	16½
Oats, nearest future, Chicago, per bushel	28½	44½	41½	42	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Rye, nearest future, Chicago, per bushel	47	84½	82	80½	Copper, "Electrolytic," Domestic, spot, per lb.	8-37½	9-35	9-55	9-67½
Barley, nearest future, Chicago, per bushel	47	83	81	80½	Copper, "Electrolytic," Export prompt, per lb.	8-60	9-57½	9-77½	9-90
Coffee, Rio No. 7, cash, per lb.	8½	8	8	8	Spelter, East St. Louis, spot, per lb.	4-75	4-80	4-85	4-80
" Santos No. 4, cash, per lb.	8½	9½	9½	9½	Lead, spot, per lb.	4-35	4-60	4-60	4-60
Cocoa, Accra, nearest future, per lb.	4-83	6-25	6-75	7-10	Tin, "Straits," spot, per lb.	49-25	42-50	52-50	44-50

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(With this Issue appears our Monthly Trade Supplement)

DEMOCRACY AND THE DICTATORS

THE past few weeks have not been a very happy time for the diplomats of England and France, who have been floundering badly. Whether our sympathies may be with one side or the other in Spain, it is anything but creditable to Mr Eden and M. Blum that they have so far completely failed to bring into effective operation their policy of non-intervention and seem to have little chance of closing the stable door until the fighting is over. Mr Eden is having little better fortune with his Locarno talks. So long as England and France maintain that any settlement must be on a European scale and not limited to the West only, Herr Hitler is uninterested, and all Britain's blandishments arouse no more response from Berlin than did the famous questionnaire of May last—which is still unanswered.

But the climax has come at the Geneva Assembly meeting. It would be hard to find a parallel to the humiliating spectacle of two great Powers hunting round the lobbies of the League of Nations to find someone willing to perform the obnoxious task of shutting the door in the face of the Abyssinian delegation. The attempt was a failure, as anyone might have foreseen who really understands the attitude of the small Powers and why they rally so sincerely to the principles of the Covenant. It was inevitable that every single delegate should recall the situation of Belgium in 1914, and should ask himself what would have been thought of the guarantors of Belgium's neutrality if they had pleaded the Belgian Government's flight to Havre and the German occupation of the capital as excuses for defaulting on their obligations.

The collapse of the Geneva intrigue compels a reconsideration of British and French policy. For the immediate and inevitable result is that Italy, which was ready to return and take her former place at Geneva, will remain away from the present meeting of the Assembly at least, and may continue her self-imposed isolation for some time to come. It will perhaps be said that this flouting of Italy is a Pyrrhic victory; for it is scarcely to be believed that the Abyssinians who are still resisting in Western Ethiopia can do more than maintain a precarious opposition to the scientific resources of Italy. Italy's absence from Geneva, on the other hand, undoubtedly narrows to a perilous extent the basis on which to build a new collective system.

The Assembly's action was, however, the only possible

course for the League to take. It is one more demonstration, to a world still sceptical of the existence of such a thing as world opinion, that it is capable of influencing the action of nations. The members of the League are not mere pawns which can be moved about at will by the Foreign Ministers of the Great Powers.

But though Geneva has taken the only honourable course, this has in no way eased the diplomatic situation. On the contrary, the repeated demonstrations of the weakness of the League and of the democratic nations of Europe leave each nation to face the problem of its relations with its individual neighbours. In this respect the situation is unfortunately steadily deteriorating. In particular, the peace of Europe is falling ever more deeply under the shadow of a feud between a Power that has recently seceded from the League and one that has recently joined it; between the champions of the rival political and economic ideas which divide every people in the world. Moreover, the gulf between Germany and France has been widened to an alarming degree by the German reaction to the Franco-Soviet Pact, which was itself a reply to German menaces. And now, Italy has drifted further away from the Western Powers. Can the League, or can Great Britain, do anything to prevent the schism of Europe into two rival camps of Fascism and Communism? Great Britain remains the friend of France, without having yet become the ally of Russia or enemy of Germany. Is it still possible to harmonise within the bounds of a single continent these rival elements, or must we, too, make our choice between one or other of these extremes?

The voice of reason says that—given peace—time will modify both of these systems of life; that future civilisations may take from both of them something that is good and embody it in the society of the future—provided always that civilisation can escape destruction in the meantime. Can democracy persuade either or both of these formidable rivals to live at peace?

So far as Russia is concerned, we have repeatedly expressed the opinion that her internal development, and the solution of the problems with which her great experiment is constantly confronted, will for a long time to come absorb her energies, and that there is consequently no reason to fear her physical aggression. Is this also true

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about Germany? On this point, Mr Lloyd George, who has recently spent some time talking to Herr Hitler, is reassuring. Herr Hitler, he tells us, wishes to be friends with England. Germany, he says, is not a menace; her armaments are for defensive purposes only, and even if she wished to wage an aggressive war she would not be in a position to do so for twenty years.

If these assurances could command general acceptance, they would produce a widespread feeling of relief all over the civilised world. But can they be believed? In one respect, Mr Lloyd George's conclusions are obviously suspect. Whether or not the German army is an efficient fighting machine at the present moment, it is quite certain that it could become so in very much less than the twenty years that Mr Lloyd George envisages. In 1914 Great Britain, starting with far less than Germany has now, created an enormous and efficient army in something like twenty months, and there is no reason to believe that Germany cannot do as much. Unfortunate though it may be, there is no respite of twenty years imposed by technical factors.

If this technical argument is set aside, is the rest of Mr Lloyd George's thesis sound? It rests on one thing—faith in the good intentions of the Nazi Government. Is it reasonable to entertain such faith? Unhappily, we have to admit—in spite of the gravity of the admission—that we have serious grounds for misgiving when we reflect on the constitution of the Third Reich, the creed underlying its constitution, the course of the struggle between the extremists and the moderates within the bosom of the Nazi Party and—most ominous of all—the totalitarian system of education by which the rising generation in Germany is being drilled into an uncritical and fanatical subservience to the orthodox "party line."

It will be said by many people that we have no right to criticise the internal arrangements of an independent state, or to condemn the ideals with which it sees fit to impregnate its citizens. It is true that we have no right whatever to attempt to impose on another people our own way of living. But when a foreign country's *Weltanschauung* so clearly carries within itself so many threats to the peace of Europe and the security of that country's neighbours, it becomes a consideration of the very first importance. Great Britain's foreign policy may be said to turn very largely on the estimate formed by British public opinion of Germany's probable intentions, and that estimate must depend upon the ideas prevalent in Germany and the apparent objectives of the new society which is arising there. And contemplation of those ideas and objectives is hardly reassuring.

We cannot, indeed, escape the conclusion that the Nazi menace to peace is inherent in the Nazi system and is therefore a reality which cannot be left out of account in the shaping of British policy. In blunt words, faith in Germany's good intentions is not a sufficient basis for European peace and security, and that means for British peace and security. As an elementary consideration of national defence, further precautions are necessary.

What form should these precautions take? The question has only to be asked to suggest its own answer. There is only one means of taking precautions against the danger of Germany's intentions not being as peaceful as she now claims, without at the same time joining an alliance against her and becoming one of her professed enemies. That method is for this country to set itself, at long last, with all its energy and determination and courage to build up in Europe a collective system which the Dictators will be compelled, despite themselves, to take seriously—a real League of Nations instead of the cringing obsequiousness to aggression shown by the Great Powers at Geneva this week.

It is the fashion in some quarters to represent advocacy of the collective system as impractical idealism. The epithet is untrue: a workable collective system would be more practical defence for Britain than all the squadrons that the Air Ministry can put in the air. But the advocates of collective security can proudly plead guilty to idealism. This week's events at Geneva have shown that the smaller States (who have much more to lose by war) have remembered the truth the Great Powers have forgotten: that to have right on one's side, and to stand up for it courageously, may be worth more than a host of allies.

HOUSING AND BUILDING

THE provision of decent housing conditions for the whole population has become an objective of social policy, acknowledged by all parties, in the last few years. Under the double influence of this movement and of the private housing boom, building activity has grown to an unprecedented volume; and Sir Kingsley Wood, speaking at Bristol on Friday of last week, said that we had "now got down in many respects to the 'hard core' of bad housing conditions and were in sight of rooting out much of it for good and all." How far can it justifiably be assumed that the permanent removal of the intractable evil of bad housing is now within our grasp?

In the winter of 1932-33 the phenomenal boom in the building of dwelling houses by private enterprise began, and it has continued uninterruptedly ever since. The number of houses built by private enterprise without State assistance rose from 62,456 completed in the six months ended September, 1932, to 79,356 in the subsequent six months, and continued to rise steadily up to a peak figure of 149,409 in the six months ended March 31, 1935. There was then a slight drop; but the latest figure, for the six months ended March 31, 1936, was as high as 145,729. Between September, 1932, and March, 1936, over 850,000 houses had thus been built by unassisted private enterprise (the total must now be close on 1,000,000), compared with a total of less than 1,300,000 built between the Armistice and September, 1932.

The Government abolished the Wheatley subsidy in Sir Hilton Young's first Housing Act, passed early in 1933, on the ground that private enterprise would be able to supply the necessary working-class houses. But in fact the great majority of the houses built in the succeeding period by private enterprise were for middle-class and to some extent better-paid working-class families. In the six months ended March 31, 1936, for instance, the number of "Class C" houses built to let (which are generally taken to represent working-class houses proper) by unassisted private enterprise was only 18,793. Only about 10 per cent. to 15 per cent. in fact of the houses built by private enterprise throughout the "boom" have been working-class houses proper, and there has been surprisingly little sign of any tendency for overcrowded "working-class" tenants to "filter up" into premises abandoned by middle-class families. This has of course been partly due to the general increase in the number of families during the period.

As these facts began to be realised, a public demand for a more active State policy arose, and in April, 1933, the Government announced its five-year slum-clearance plan. The local authorities were to schedule all the slum houses in their areas, and were to undertake to demolish them and rehouse the occupants, with the assistance of the subsidy given in Mr Greenwood's Act of 1930, during the five years between September, 1933, and September, 1938. The programme in its final form provided for the demolition of about 300,000 houses, or an average of 60,000 a year. At first, as was to some extent inevitable, progress was slow, and the number of new houses built by local authorities with the Greenwood subsidy only rose from 3,377 in the six months ending September 30, 1933, to 9,211 in the six months ended September 30, 1934. Since then, however, the rise has been steady; and the total was 18,539 in the six months ending September 30, 1935, and 20,591 in the six months ending March 31, 1936. In the summer of this year new houses were being completed under the slum-clearance programme at the rate of about 4,000 a month, and Sir Kingsley Wood was able to claim last week that 500,000 persons had already been rehoused. He admitted, however, that another 150,000 houses were needed to complete the slum-clearance programme. In the two years that now remain out of the original five, therefore, just half the total houses originally contemplated have to be completed. Naturally the peak of construction must come near the end of the programme, but public vigilance—and the pressure of the Ministry on the local authorities—will clearly need to be maintained if the programme is to be punctually fulfilled. The announcement of a £10,000,000 loan, largely for slum clearance, by the London County Council this week is a welcome sign that the

campaign is being actively prosecuted in the area where the need is perhaps greater than anywhere else.

The slum-clearance programme, however, did not for a long time compensate for the abolition of the Wheatley subsidy. The total of houses built by local authorities with State assistance fell steadily from 35,371 in the six months ending March 31, 1932, to 14,143 in the six months ending March 31, 1935; since when it has been rising slowly. For three years after the advent of the National Government, in fact, the increase in the building of middle-class houses was accompanied by a decline in the building of working-class houses. Eventually, in the spring of 1934, the Government admitted that private enterprise *plus* the slum-clearance campaign were incapable of producing the necessary new working-class houses; and the "Overcrowding" Act, so-called, was introduced and passed about a year later. By this Act a standard of minimum accommodation was laid down, and local authorities were called upon to ascertain the number of families living below it, and subsequently to re-house them with Exchequer assistance. The standard itself, as we pointed out in an article on August 15th, is none too liberal; and we consequently welcome Sir Kingsley Wood's statement on Friday that he "hoped it would soon be possible to ask Parliament" to reconsider it. On the basis of this standard, however, the local authorities' Survey showed that 341,554 families were overcrowded, and Sir Kingsley Wood estimates that 200,000 new houses will have to be built to rehouse them. But another 283,844 families were only just above the minimum.

From the point of view, therefore, of the social ideal of rehousing the people, the present position may be said to be as follows. Between September, 1932, and March, 1936, rather over 1,000,000 houses of all kinds were built. Of these about 150,000 were built by local authorities with State assistance; and perhaps another 150,000 of those built by private enterprise may be classed as genuinely working-class houses. About 300,000 working-class houses were therefore built in the whole period. There remain, however, 150,000 to be built under the slum-clearance plan in two years—i.e. a rate of 75,000 a year, compared with about 40,000 a year at present—and 200,000 to be built under the overcrowding programme. It is clear, therefore, that the social objective of housing policy, though within sight, is by no means yet realised; and that its continued prosecution should in itself be able to maintain a high level of building activity for some little time yet. For instance, if the building of middle-class houses by private enterprise fell from its present rate of about 250,000 a year to 150,000, the completion of the present slum-clearance and overcrowding programmes in a little over two years would be sufficient to maintain the total rate of building at its present figure of 300,000 a year for that period.

Meanwhile there are two other factors tending to maintain building activity: commercial building and re-armament. The total value of building plans approved is still rising, despite some falling-off in private house-building. The movement of the figures has been as follows:—

BUILDING PLANS APPROVED BY 146 LOCAL AUTHORITIES (£'000)			
	Dwelling houses	Other buildings	Total
1933	62,308	21,372	83,680
1934	69,588	25,975	95,563
1935	78,429	35,880	114,309
First 8 months of 1935	51,651	23,079	74,730
First 8 months of 1936	51,270	28,706	79,976

The present tendency of private house-building to fall is evidently being more than offset by the combined increase of municipal house-building and commercial and other building. The rate of 300,000 houses a year contemplated in our estimates of the social demand for houses in our article of March 31, 1934, is being maintained. But of the further increases in building activity in 1936, far the most important element was factory and workshop construction. The total so far provided for direct Governmental construction work arising out of re-armament in the current financial year is no more than £15,000,000.

If it may fairly be assumed that the maintenance of the present level of building activity and employment is a condition of British economic stability, and that a slackening might start depression and a further acceleration

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provoke "boom" conditions, there would appear to be dangers latent in the situation that will arise some two years hence. For not only will slum-clearance have reached its climax, but commercial and re-armament building may possibly have done so too. If, therefore, housing policy is to be successfully dovetailed into economic policy as a whole, there would seem to be a strong *prima facie* case for so planning and extending the overcrowding programme (and indeed other available public works) as to fill the gap that may appear if other forms of building activity begin to fall off together eighteen months or two years hence. For instance, the extension of the overcrowding programme to provide for the 283,844 families on the verge of the present minimum would probably require about 150,000 houses; and a plan for building these houses might well be prepared in advance. The difficulty now is not so much to solve the housing problem, or to maintain building activity in the next two years, but to prevent it dwindling thereafter.

UNREALITIES IN AMERICA

(BY OUR WASHINGTON CORRESPONDENT)

THE Presidential campaign has so far been disconcertingly unreal. It teems with contradictions and paradoxes, and few fundamental issues have been raised that are worthy of discussion. The most characteristic inconsistency is the elevation of Mr Roosevelt by the unions and progressives to the rank of their crusading leader. Anyone who has spent much time in Washington in the past two years can testify that Mr Roosevelt has been the continual despair of both these groups. He was the kind of President who had to be forgiven continually for not taking a straight and logical course. His New Deal grew into a hotch-potch of liberalism, paternalism and social settlement charity. Its economics were never one thing or another. The big achievements of the Administration, such as the acknowledgment of the Federal duty to help the unemployed, and the determination of the Government to spend its way out of the depression, were offset by many major and minor mistakes.

Mr Roosevelt himself betrayed labour in the Automobile Code, and instructed his Labour Relations Board to keep its hands off a newspaper case affecting a writer dismissed by Mr Hearst for union activities. The President did not even sponsor the Wagner-Connolly Bill until it was certain of slipping through as a concession to labour after N.R.A. was declared unconstitutional. The only big fight he put up in his entire term was over the Holding Company Bill, hardly the battle of the century. While Congress was being flooded with Bills infringing civil liberties in the name of patriotism, President Roosevelt never spoke a public word against them. He was a constant annoyance and frustration to the very groups which now fervently

swear by him as their leader. And they are campaigning for him, not because of his real achievements, but on the ground that he is the very person they so often discovered he was not.

Even this, however, would be reasonable if Governor Landon were a reactionary or a weak man certain to succumb to the reactionary elements in the Republican Party. But Governor Landon, according to those who know him personally, is about as liberal as President Roosevelt. There is little to choose between the reactionaries in the Republican Party and those in the Democratic Party, such as the Solid South, Tammany in New York City, and the Chicago and Kansas City machines. It may be that Governor Landon is not as firm or as stubborn as President Roosevelt and would be a feeble man in the White House. But this has to be proved against him, whereas Mr Roosevelt's compromises are a matter of record. The campaign, if it were real, would be over such questions as good administration, where Mr Roosevelt is vulnerable but where the Republicans have yet to say anything effective. It would debate the revision of the Social Security Act, one of the most hurried and unconsidered pieces of legislation in this highly complicated field. It would begin concretely to define the function of Federal government and not lose itself in accusations that Mr Roosevelt is a socialist or a dictator, or that American institutions are at stake.

In the absence of a debate on realities, the campaign so far can only be described as being a race between a man well known, loved for his good intentions by many and cordially hated for the same intentions by others, and an opponent who is gradually becoming known. Governor Landon has been at a great disadvantage so far, because of his mediocre speeches and still worse delivery of them. Exception must be made of his Chautauqua and Wichita speeches on civil liberties, which were more Jeffersonian than anything yet said by President Roosevelt. Governor Landon's intention of conducting a front-porch campaign was vetoed by the Republican high command, and he swooped upon Maine on the eve of its State election and accepted a programme of frequent appearances thereafter. He spoke better—that is, more effectively—in Maine than previously, particularly from his special train; and his speech at Portland, winding up the State campaign, was somewhat more forceful than earlier efforts.

Whether Governor Landon was more of a help in piling up to 42,000 the Republican majority in Maine than that majority was a help to him is not easy to say. Certain it is that he was sent to Maine to benefit from an assured victory rather than to turn the tide in a close fight. The Maine result is not much use as a forecast, as is shown by the diametrically opposite conclusions that are being read from it. Had the Republicans polled 62 per cent. of the total vote, instead of 56 per cent., they might feel confident of a national victory. The most that Maine promises is a far closer contest than was generally conceded a few months ago. One result is that President Roosevelt will step down from his exalted "non-political" status and make frequent campaign speeches, both from the platform and over the radio. But even if Mr Roosevelt begins to fight harder, Governor Landon will also grow in favour as he becomes better known; for he is a likeable man.

If this sounds as though the race were between two charming men of the same general political outlook, each backed by hidden and unsavoury elements in their respective parties, it is not far from the truth. Colonel Knox will go on maintaining that the banks and insurance companies are not safe under Mr Roosevelt. Mr Hearst will go on branding Mr Roosevelt as a Red; and Mr Roosevelt's "Non-partisan" Labour League will continue to call Mr Landon the chosen tool of the Liberty League and all industrial reaction—all palpable falsehoods. But the contest is essentially between the liberal wings of the two major parties. And the one obvious boon of it all is that here is a political campaign without the breath of a danger of Fascism and with hardly any Communism—a truly democratic election, not at all wise and instructed, but surprising safe in a fairly unsafe world. There is something to be said for a fight between two liberals. For it is at least a fight in which a liberal is bound to win.

WOOL TEXTILE PROSPECTS

In contrast to the Lancashire cotton trade, the wool textile industry, on the other side of the Pennines, is now enjoying a fair measure of prosperity. Recently, however, there have been indications of growing unrest among its workers over questions of wages and working hours. As the employers' and operatives' organisations have failed to reach agreement, the Minister of Labour has appointed a Board of Enquiry to investigate the matters in dispute. The risk of serious industrial strife at the opening of a season which holds out favourable prospects for the industry has thus been removed, and it is hoped that the findings of the Board will provide a basis for agreement.

The present moment is opportune for taking stock of the position of the wool textile industry. Yorkshire has felt depression much less keenly than Lancashire, for reasons which are not far to seek. In the first place, the British wool textile industry has never been as dependent on overseas markets as the cotton trade. And competition in overseas markets, though it is increasing, has been less marked than in the case of cotton textiles. Moreover, the displacement of the products of the wool textile industry by rayon has not yet gone as far as in the case of cotton textiles.

The following table shows the trend of available supplies of raw wool in the leading consuming countries during every year since 1929:—

AVAILABLE SUPPLIES OF RAW WOOL IN PRINCIPAL MANUFACTURING COUNTRIES
(In millions of lbs.—greasy basis)

	U.K.	U.S.A. (a)	France (a)	Germany	Italy	Japan (b)	U.S.S.R. (c)
1929.....	610	672	608	399	172	107	506
1930.....	650	589	617	377	173	115	496
1931.....	734	624	594	352	149	189	307
1932.....	750	498	514	366	209	204	217
1933.....	736	611	601	410	238	239	212
1934.....	640	558	389	398	197	182	205
1935.....	670	651	450	370	160	244	254

(a) Actual weight. (b) Imports only; domestic production negligible.
(c) Excluding skin wool.
Source.—Imperial Economic Committee.

Seven years ago this country occupied second place among consumers, after the United States, closely followed by France. Since 1930, however, the British wool textile industry has regained its leading position. In the worst years world consumption of raw wool declined much less than that of other raw materials. The supplies available for consumption in the eleven leading manufacturing countries, for example, declined from 3,362 million lbs. in 1929 to 2,782 million lbs. in 1934, but rose again to 3,079 million lbs. during the past year. The improvement in consumption in 1935 was probably more marked than the statistics suggest; for during that year, stocks held in consuming countries were reduced appreciably.

International trade in wool tissues, however, suffered a severer decline than total consumption. Exports of wool tissues from the eleven principal European manufacturing countries fell from 228.4 million lbs. in 1929 to 100.8 million lbs. in 1932. British exports declined less steeply from 88.3 million lbs. to 46.0 million lbs. But, while the total exports of these eleven European countries have risen only by 2.5 million lbs. between 1932 and 1935, British exports increased by 15.3 million lbs. during that period. As a result, Great Britain's proportion of the European export trade in wool tissues rose from 30 per cent. in 1929 to nearly 60 per cent. in the past year. The United Kingdom is thus not only the leading consumer of raw wool, but also by far the most important exporter.

The improvement in Britain's position in the export markets has been mainly at the expense of Germany, France and Czechoslovakia, whose shipments last year were a mere fraction of their pre-depression level. Nevertheless, despite the increase in British sales of wool tissues overseas since 1932, the quantity exported last year was still 30 per cent. below the pre-depression level. The fact that Europe's total exports in 1935 were still less than half the volume of shipments in 1929 was due, in part, to the rapid development of manufacture in former importing

countries, especially Japan. The remarkable growth of the wool textile industry in Japan is reflected in the steep increase of her imports, from 107 million lbs. in 1929 to 244 million lbs. in the past year. But, far from being content with satisfying her home requirements, Japan has made strenuous efforts to gain a substantial share of the export trade. In 1928 she still had an import balance of wool tissues of 14.8 million square yards. By 1935 her imports had been reduced to 4.1 million square yards and her exports had risen from almost nothing to 21.3 million square yards.

In contrast to the decline in Britain's exports of wool tissues since 1929, British shipments of tops (after allowing for imports) registered a marked increase, from 30.9 million lbs. in 1929 to 54.9 million lbs. in 1935. Similarly, Britain's export balance of yarn rose from 26.5 million lbs. to 39.5 million lbs. during the past seven years. During the same period France's yarn export balances declined from 55.4 million lbs. to 20.9 million lbs., and Czechoslovakia's from 16.9 million lbs. to 10.7 million lbs. The marked improvement in British exports of tops and yarns has not been maintained this year, during the first eight months of which our total exports of tops have declined from a comparable 1935 figure of 37.4 million lbs. to 32.8 million lbs. Concurrently, exports of yarn have fallen from 26.7 million lbs. to 24.3 million lbs. The decrease in exports of tops and yarn is mainly due to smaller purchases by Germany. British sales abroad of wool tissues, on the other hand, continue to expand, total exports rising from 40.7 million lbs. during the first eight months of 1935 to 45.2 million lbs. this year. Germany has also increased her exports this year, but those of France and Czechoslovakia have suffered further contraction. In the Far East, Japan continues to make rapid headway. Her exports of woollen tissues rose from 11.6 million square yards in the first half of 1935 to 15.3 million square yards during the corresponding period of this year. To some extent the rapid rise of the wool textile industry in Japan has been helped by the growing popularity of woollen tissues in the Far East.

What are the prospects for the industry in this country? For the time being Yorkshire appears to be safely entrenched as the world's leading wool textile manufacturing and exporting centre. At home there are no signs of a decline in the popularity of wool products. Despite increasing competition from rayon, home demand is likely to continue brisk, so long as the general improvement in business conditions endures. The outlook for the export trade, however, is more uncertain. Total international trade in wool textiles is increasing very slowly, partly as a result of increased production by former importing countries; and competition from Japan is increasing. Moreover, some of the improvement in British exports in recent years has been achieved at the expense of France, Czechoslovakia and Germany. If and when France decides to devalue her currency, the competitive position of her wool textile industry will be strengthened. Total French exports of wool tissues in 1935, indeed, were only 5.7 million lbs., compared with 43.3 million lbs. in 1929. Another factor of importance is the future trend of raw wool prices. In the short run, a decline in raw wool prices tends to lead to a contraction of purchases by wholesale houses, just as a rising trend of prices brings out additional orders.

On balance, it appears that the raw wool market will continue firm, despite Japan's persistence in her abstention from purchasing in the Australian market. Stocks of raw wool, both in producing and manufacturing centres (except in Japan), were relatively small at the beginning of the new season. And, although the new world clip is likely to be somewhat bigger than a year ago, world supplies are not likely to be appreciably larger than in 1935-36. A further steep rise of prices, however, might react unfavourably on the profitability of some sections of the industry. Recent developments in the clothing trade have a direct relevance in this connection; for "fixed price" retailing has rendered the passing on to the consumer of a sharp rise in prices increasingly difficult. In a period of rising prices the rigidity of retail prices may be of great advantage to the consumer and of equal disadvantage to the manufacturer. A marked rise in raw wool prices might, therefore, considerably alter the outlook in the wool textile trade.

With Next Week's Issue of
THE ECONOMIST
will be included a
SPECIAL SUPPLEMENT
entitled
THE NEW DEAL
AN ANALYSIS AND APPRAISAL

reviewing the economic experiments of the Roosevelt Administration since March, 1933, and estimating their degree of success.

ABYSSINIA UNDER ITALIAN RULE

(BY A CORRESPONDENT)

WHEN the Italians marched into Addis Ababa they drew round it a curtain of secrecy through which very little news has filtered. Occasional reports come through by one means or another, but the censorship is close and effective and becomes closer and more effective still the moment anything happens which is likely to be especially interesting to the world outside. When the Djibouti railway was cut by raiding Abyssinians, the authorities hurried round to all the legations and closed their wireless plants, showing such a turn of speed that they arrived at all but one of them in front of the news itself. Some facts, however, can be ascertained; and as the occupation of the town has lasted long enough for the Italian Government's attitude towards its new possession to be defined, it is possible to deduce from the steps already taken what the policy of an Authoritarian State in a dependent colony is likely to be.

Everything that has happened so far suggests that the Government has avoided with complete success those disabling old-fashioned liberal ideas which emphasised the rights of the native and regarded the white man's burden as a trusteeship. There is to be no nonsense about the claims of the Abyssinians or the open door or the rest of the fusty apparatus of liberal-minded colonial administration. Abyssinia is to be for the Italians, and foreigners will be shown unmistakably that they are not wanted. Already the work of clearance is begun, and both by direct and indirect methods the Italians are pushing the aliens towards a final departure. In some cases they either serve a notice of expulsion or more courteously express the hope that it will not be necessary to serve such a notice. In this way they have got rid both of an English chaplain and of an English lady who has devoted years of her active life to Abyssinia. In other ways they are making it so difficult for people to carry on their business that there will be no alternative to evacuation. This method is naturally applied to members of the trading community, and it appears to be so thorough that even concerns which have voluntarily offered to become Italian receive the same treatment as those which stick to their old nationality.

To make clear what is happening it should be explained that for many years the business of Abyssinia has been largely in the hands of foreigners, who by and large are a fairly mixed bag. English interests have been represented by the Bank of Ethiopia (which still functions in the south-west, but at Addis Ababa is now absorbed by the Bank of Italy), and by the Asiatic Petroleum Company. British India has supplied Addis Ababa with a very considerable trading company and a number of smaller firms, while France has had the railway and one limited company of some importance controlled locally by an Austrian manager. The rest of the trading has been mainly in the hands of Greeks and Armenians, who together represent probably about 65 per cent. of the old business community. Some of these Levantines still remain in Addis Ababa, but the exodus began early, and several of them have already found new homes in various parts of the Eastern Mediterranean.

From the fact that the country's business is so largely in foreign hands, and that almost all the foreigners are engaged in trade, two things follow: first, that if

sufficiently difficult all the foreigners—⁵⁰ and secondly, that when they have disappeared, trading will have disappeared with them and the country's business will have to start again from zero. And that appears to be the Italians' objective. They are so resolutely determined to do without the foreigner that they are prepared to sacrifice all the country's old connections, all the old export trade, to restart it from nothing in a narrow channel that has Italy at one end and Addis Ababa at the other.

The device that the Italians are using to put the necessary pressure on to the foreigner is a rigid control of currency. In the last ten years we have had illustrations enough of the tricks that frightened governments can play with currency, but the Abyssinian experiment is probably the first example of a currency being used for the deliberate destruction of a country's trade. The result is achieved by running two currencies, the lira and the old Maria Theresa dollar, in double harness with a fixed artificial unreal parity which it is a serious criminal offence to override. The true value of the lira in Maria Theresa dollars is about 10½ lire to the dollar and where anyone has courage enough to run a black market that is the rate at which the currencies change hands. But the official Italian rate is 5 lire to the dollar and at that figure only may trade be carried on.

Now, the Ethiopian in general is a person of untutored mind and Gresham's law is not one of the familiar commonplaces of Ethiopian conversation. But the Ethiopian peasant is more ready to follow the law of Sir Thomas Gresham, of whom he has not heard, than the law of the Italian administrator with whom he is uncomfortably familiar, and the lira at 5 to the dollar has quickly driven the dollar itself out of circulation. Peasants bringing their produce to market found not only that they were paid in lire but that they were searched on their way to market and relieved of any dollars that they had been rash enough to carry with them. Naturally, the dollars went to earth and the peasants postponed their visits to market, with the result that there was at one time a deficiency of food which was made good only with difficulty. There is believed still to be a shortage in the town of all but the bare necessities of life. And if the artificial exchange has made more difficult the trade between town and country, it has altogether exterminated the foreign trade. Firms which have hitherto exported hides and other commodities to Europe or elsewhere are paralysed. They cannot afford to buy in dollars and sell in lire, and even if they could they would not dare to bring money back into the country because of the tight restrictions on the export of currency. These restrictions are such that nobody wants to be paid in Abyssinia and those who have foreign credits

(most of which arise from recent claims on insurance policies) are urgent to have the payment made in some place other than Addis Ababa.

This restriction on the export of currency is amazingly thorough. One person is allowed on leaving the country to take with him only 350 lire; and on the train to Djibouti passengers are turned inside out in the search for money. They are taken down in parties to one end of the train and there their clothing is examined; their boots and socks are removed; sometimes they are stripped to the skin. And there seems to be nothing in the economic position—apart from the artificial parity between the two currencies—which can justify these extreme measures or make the Italians so fearful of a "run." If, on the other hand, the measure is political and designed to drive the foreigner out, the motive is clear enough, and the machinery will certainly be effective. Under such conditions, it is impossible either to export or to import, and as the foreigners in Addis Ababa cannot remain there unless they do both, the day must soon come—unless the currency restrictions are lifted—in which the foreign community will be chased out of the country. Then, presumably, Italians will be brought in to fill the vacuum, and a trade of some kind between the Colony and the Motherland will be encouraged and fostered. At present, the only part of Abyssinia which can carry on a trade with the civilised world outside is the South-West, which has not yet been submitted to the beneficial influence of an ancient civilisation, and goes on in its old barbaric way, importing and exporting on a comparatively sound currency.

One of the many difficulties that the Italians have to face is naturally the French control of the railway, and already friction has occurred. The railway insisted on being paid its fares in dollars, and the Government insisted on its accepting lire. For a time it seemed as though there would be a deadlock, with the Frenchman saying "I will have dollars," and the Italian saying "You shall take lire." According to messages from Rome the dispute ended in favour of Italy, the railway undertaking to accept lire and to buy its rolling stock from Italian manufacturers. That agreement will be satisfactory to the pride of Rome and may be a step towards the realisation of her ambitions, but if those ambitions include, as doubtless they do, a net economic gain to Italy the day of their complete fulfilment seems to be remote. A poor country with its trade in ruins and its traders expelled, held down by an army of many thousands that must be supplied with food and clothing, and by a great array of aeroplanes and tanks and armoured cars that need to be maintained and fed with imported petrol—how long will it be before such a country brings a credit balance to the feet of its conqueror?

NOTES OF THE WEEK

Cross-purposes at Geneva.—The Seventeenth Session of the Assembly of the League of Nations met at Geneva this week under the shadow of events past and to come. Each of the main delegations was pre-occupied by its own peculiar cares. Mr Eden arrived on the morrow of the dispatch of a British Note to Germany, designed to further the "diplomatic preparation" for the new Locarno Conference, on which the Führer had insisted; and it speedily became clear that the British Delegation would welcome Italy's presence, with the object of carrying the process of preparation a stage further at Geneva. But Signor Mussolini refused even to begin to discuss the terms of his translation from poacher to gamekeeper, or any other subject at Geneva, so long as an Abyssinian Delegation remained there. As the Assembly refused, however, to eject the Abyssinians, the waiting Italian representatives remained on the Southern side of the Swiss frontier. France, inspired by M. Blum's praiseworthy enthusiasm in an unpromising environment, was credited with the intention of raising the practicability of a halt in unrestrained international re-

armament; but the more pressing domestic problem of the over-valued franc inevitably pre-occupied French minds. The report of the Finance Committee of the League (discussed below), with its stress on an ordered alignment of currencies, was liberally interpreted in some quarters into an open invitation to France to devalue; and there was a general feeling that, if devaluation were to come, it should come soon, if France were to pull her full weight in international affairs. Amid all these currents and cross-purposes it was not until the middle of the week that the Assembly, having settled Abyssinia's status, was able to begin consideration of its agenda, much the most important item of which is the question of "reform" of the Covenant, in the light of the events of the last twelve months. The atmosphere has greatly changed since Sir Samuel Hoare electrified the Assembly by his clarion call for "steady and collective resistance to all acts of unprovoked aggression," last September; and it would be reassuring if the Great Powers which still attend Geneva would afford evidence that the dogged determination to defend the spirit of the

League Covenant, which found expression in this week's Assembly's vote on Abyssinian representation, was not the sole prerogative of the smaller States.

* * *

Abyssinia Remains.—It is notoriously easier to commit and connive at a murder than to dispose of the corpse. That this commonplace holds good in public as well as in private life has been illustrated at Geneva this week. Italy had intimated that she would not resume her place at Geneva until Ethiopia's corpse had been removed. France and Great Britain, who are eager to obtain Italy's collaboration again, were anxious to pay Signor Mussolini's price. They found, however, that, after all, the task was not as simple as it looked. Accordingly, the Italian delegation to the League Assembly remained standing on one leg at the frontier while at Geneva the French and English delegations hunted for seven mates who would be obliging enough to lend a helping hand in carrying out Abyssinia's mortal remains. The French and English were compelled to take the initiative because the Abyssinian delegation has a right to sit unless and until its credentials have been declared out of order; and this has to be done by the Assembly itself on the report of a credentials committee consisting of nine members. The first Anglo-French idea was to pack a committee with satellites who would pledge themselves in advance to find the Abyssinian credentials out of order. But only two countries were willing to serve on these terms, and in the end a quorum was obtained on the two conditions that France, Great Britain and Russia should all serve and that all the members should retain a completely free hand. On these terms the committee was constituted from the representatives of Peru, Holland, New Zealand, Czechoslovakia, Greece and Turkey, in addition to the three Great Powers. This committee discussed the legal aspects of the case and debated whether the delegates had sufficient information to say whether or no an Abyssinian Government still existed. It even contemplated sending the matter to the Permanent Court of International Justice. But a reference to the Court would have taken weeks to decide, and the Assembly must decide in the meantime what to do. The committee therefore decided—and the Assembly approved with four dissentients—that the credentials were derived from the same authority as in previous years, and it was difficult to judge of the Emperor's authority; but as no member had suggested that the credentials should be declared out of order, the committee was unanimous that they should be accepted. Ethiopia, therefore, continues to be a full member for the present, while Italy remains outside; and the League has been spared the humiliation of turning out the victim in order to make room for a successful aggressor.

* * *

Steps to "Monetary Alignment."—This week's report of the League Finance Committee, like the Economic Committee's report issued last week, recognises the need for devaluation—which appears in Geneva literature under the discreet guise of currency "adjustment" or "alignment"—as the only possible cure for extreme divergences between national price levels. Also like the Economic Committee, the Finance Committee recommends direct consultations between the British, American and French authorities, rather than any new world conference, as the prelude to alignment. This would amount in practice to an assurance by the British and American Governments that devaluation by France would not be taken as an occasion for further depreciation by Great Britain and America. We think that such an assurance should be given by the British Government; indeed, it is reported already to have been given. But this does not mean that we should commit ourselves to a higher exchange stabilisation at the present dollar-to-pound rate, particularly as the pound was devalued first and might accordingly be in some danger of being left high and dry once more. Similarly, the Finance Committee is wise in pointing out that devaluation is a great opportunity for liberalising import restrictions. Already M. Blum's

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problem is a rising cost of living rather than a falling wholesale price level. When devaluation comes, therefore—and the same applies to Holland and Switzerland—he will have a golden opportunity at once to ease his own cost-of-living problem and help to expand international trade without injuring France's internal producers. Devaluation means a sellers' market, and a sellers' market is the psychological moment for freeing imports.

* * *

Labour and Re-armament.—Since the T.U.C. Conference at Plymouth there has been much speculation about the Labour Party's attitude to re-armament, and the speeches of Mr Bevin and Sir Walter Citrine have been taken as a presage of an important change of policy at next month's party conference in Edinburgh. A meeting of the National Executive of the Labour Party was held in London on Friday of last week, at which a sub-committee was appointed to prepare the draft of a resolution for submission to the Edinburgh Conference. On Saturday Mr Greenwood, speaking at Thornbury, said that "if peace methods failed, the Labour Party would not shrink from the necessary preparations to resist aggression and imperialism." There is little doubt that, in face of European events, opinion in the Labour movement is becoming increasingly in favour of an abandonment of the opposition to re-armament. The perplexity of Labour supporters on the issue is, of course, a reflection of the eternal dilemma of peace or liberty. Is peace our supreme aim, or are there other things we are prepared to fight for? If, as seems likely, the trade unions prevail, and the Labour Party commits itself to fighting on the side of democracy and collective security in Europe in return for assurances from the Government, the chance of national agreement on foreign policy may once again be brought nearer—even if agreement is only reached because, in the present situation, only one policy remains possible.

* * *

Coal and Textile Disputes.—Progress towards settlement has been made in the three minor coal disputes which have been disturbing the industry in recent weeks. In the most important dispute, over the miners' union at Bedwas Colliery, it has now been agreed to hold a secret ballot. The owners accepted the plan at a meeting with the South Wales Miners' Federation in London on Saturday, and certain guarantees are to be given by both sides. It now appears, therefore, that the whole issue may be peaceably settled. Meanwhile, the unofficial "stay-in" strikers at Blantyre, Lanarkshire, have agreed to return to work while their grievance is examined; and Mr Ebby Edwards, General Secretary of the Mineworkers' Federation, has persuaded the men at Harworth Main Colliery, near Doncaster, to postpone strike notices and to consider further attempts

at conciliation. The troubles in the textile trades, on the other hand, are no nearer solution. It was announced on Saturday that the Minister of Labour had appointed a Board of Inquiry into the dispute between the employers and workpeople in the woollen textile industry. The inquiry is to have special reference to the dispute between the Wool (and Allied) Textile Employers' Council and the National Union of Dyers, Bleachers and Textile Workers, and other unions. It was stated that the Minister had decided to take this action partly as a result of the "growing unrest" in the industry. It may be hoped that individual disputes will be allowed to rest while the inquiry is carried out. In the cotton trade, however, conciliation is still held up, since the 220 Skipton weavers remain on strike and the employers refuse to join the conciliation board until they resume work. The dispute is concerned with the employment at Skipton of six non-union operatives. To the outside observer this issue hardly seems of sufficient importance to justify the suspension of conciliation throughout the whole industry.

Gas Dispute in South London.—Widespread protest preceded the introduction this week of a new scale of charges by the South Metropolitan Gas Company. The scale is more favourable to large users and less favourable to small users, and it is alleged by its opponents that it will discriminate against poorer consumers. Several South London Members of Parliament, both Conservative and Labour, have associated themselves with the company's critics; and meetings of protest are being called by the Mayors of several boroughs. The London County Council addressed a letter to the company during the week in which it suggested, as "a large consumer," that the company should suspend the new scale while the matter was considered by the Council. To this the company replied with a defence of the tariff and a refusal to suspend it. The tariff, it stated, is as "necessary to us as it has been to the electrical undertakings who are our chief competitors." The dispute raises the vexed question of the public responsibilities of a monopoly. For though the company claims to be impelled by the competition of electricity, it may not be possible for many of its poorer customers to do anything but pay the new charges. The company will certainly need to make out a strong case before its new tariff is accepted by the public as justified.

Toledo and Madrid.—The fires of the Spanish Civil War have blazed up again this week in a desperate struggle for possession of the Alcazar at Toledo, which is one of the keys to Madrid. On Friday, the 18th, the Government forces besieging the Alcazar sprang a great mine, and for a moment it was believed that every living creature inside the rebel fortress had been blown to pieces—including the women and children, to whom the Government had previously offered a safe retreat before opening the final act of this terrible drama. The mining operations, however, were only partially successful; and the storming party was checked by the fire of the surviving defenders. On Wednesday it was rumoured that the Alcazar had fallen, but the report was subsequently denied. Meanwhile, the main insurgent army in the west, which had earlier captured Maqueda—forty-six miles south-west of Madrid—had occupied Torrijos, on the road to Madrid; but it is reported, as we go to press, that the Government troops have checked the advance by opening the floodgates of the Alberche River. The main objective of the insurgents is now the capital itself. Not only on this western front but also round Oviedo, Bilbao and Huesca the rebels now seem to have established their ascendancy. As they are neither more numerous, more keen nor more brave than the Government militia, the inference seems to be that they must be considerably better armed. Although the insurgent movements constitute a definite threat to Madrid—their eastward thrust from Talavera has driven a wedge into the Government lines—the Government has so far shown no signs of contemplating an evacuation of the capital. Considering the vehemence of the resistance which the rebels are encountering, it is difficult to see how they could permanently hold Spain down, even if

they were to succeed in breaking all the organised resistance to their advance. If it is a case of "sitting on bayonets," they will assuredly find themselves unable to do so without importing some foreign bayonets to supplement their own. Thus the Spanish Civil War, as it proceeds on its dreadful course, threatens ever more insistently to implicate neighbouring nations, who find sufficient difficulty already in keeping the peace among themselves.

Social Democrats Win in Sweden.—Scandinavia has strengthened its reputation for democratic stability. For in both Sweden and Denmark renewed electoral support has been given to the Governments which have been in power throughout the depression. The Swedish result, described in detail by our Stockholm correspondent on page 561, is naturally most notable. From 1932 until June this year the Social-Democrats were in office, though without a clear majority; and with the support of the Farmers' Party carried out the recovery policy whose success is now well known. In June the Government resigned, ostensibly on the issue of defence expenditure, but it was generally believed that the move was a tactical one designed to leave the Social-Democrats to devote their attention to the coming election. These tactics, combined with their general economic policy, have resulted in an increase in the Social-Democratic representation from 101 to 112 seats. At the same time, the dissident Socialists (or Right-Wing Communists) have 6 seats. The combined "Labour" parties thus have the clear majority which they lacked during the last four years. The question now is whether the Social-Democrats will form a Government with the Farmers, who are a radical party well to the Left of the Liberals, or with the dissident Socialists. If they choose the latter alternative, the social reform policy of the last four years is likely to be followed by actual socialisation measures. These would be most likely, however, to take the form of an extension of the system of Government monopolies, already far-reaching in Sweden, to the petrol and coffee trades in the first place. It is most likely, however, that a coalition with the Farmers will be secured and that attention will be directed to the expansion of the social services which, despite years of progressive Government, are still backward by English standards. The real test of the new Government, however, will be its ability to devise a "boom" policy. And it is likely to find that the task of curing one depression was simple compared with that of preventing the next.

Fortune Favours the Left.—In Denmark the Government has secured a majority, thanks partly to the will of the people but also to the whim of fortune. Denmark really preceded France and Spain by many years in forming a Government of the "Popular Front" variety. For a coalition of Radicals and Socialists has been in power since 1928, and is one of the few Governments in the world to have survived the depression in a democratic country. The coalition, however, lacked a majority in the Landsting or Upper House; and attempts to abolish it were frustrated by its own vote. The election this week to the Landsting was, consequently, largely fought on this issue. It resulted in a tie, apart from the result in the island of Bornholm; and here the islanders elected 23 committeemen supporting the Government and 23 supporting the Opposition. Lots were accordingly drawn, and the successful candidate was the Socialist Mayor of Rønne, a supporter of the Government. So has the ancient Athenian instrument of democratic impartiality, the lot, decided a modern election; and though some may not think this a very satisfactory method of settling important political issues, it is at least better than violence. It now remains to be seen whether the Government will proceed at once with its intention of abolishing the Landsting.

China Misbehaves.—Events in China threaten to defeat the desire of the Nanking Government to afford the Japanese militarists no pretext for fresh aggression. Within the last month Japanese citizens have been murdered in

Chengtu, capital of the Chinese province of Szechwan on the Upper Yangtse, at Pakhoi on the coast in Kwangtung Province, and more ominously at Hongkew, adjacent to the famous Chapei sector of Shanghai. And in the north, at Fengtai, the most important railway junction in North China, a Chinese soldier had the impudence to smack the honourable hindquarters of a Japanese officer's horse. These outbursts of anti-Japanese feeling have been a godsend to the Japanese, who have seized the occasion to reinforce their garrison in the north, to send warships to the south, to land marines in Chapei, and to demand the complete evacuation of Fengtai by Chinese troops. They have revived their demands for cessation of anti-Japanese feeling, and their plans for consolidation of the five northern provinces of Shantung, Hopei, Shansi, Chahar and Suiyuan into a second "Manchukuo." We are witnessing a race between China's efforts to unify herself and Japan's efforts to swallow China whole. The Nanking Government is to extend its effective power in the interior of China. The recent completion of the Hankow-Canton railway should enable it to retain hold upon the psychologically important province of Kwangtung. Further, the warlike sister-province of Kwangsi, in the north-western hinterland of Canton City, which has lately been setting the Nanking Government's authority at defiance, is reported to have come to terms; and this will spare President Chiang Kai-shek from having to face the military task of subjugating Kwangsi without losing control of Kwangtung.

Japanese at Chengtu.—Japan's attitude, nevertheless, is ominous in the light of the antecedents of the Chengtu murders. The crime was a misguided expression of local anti-Japanese feeling which had been aroused by a demand which the Japanese Government had made for permission to open a Japanese Consulate at Chengtu. The demand was neither technically nor morally well founded, although the Japanese have had a consulate at Chengtu in the past; for Chengtu is not a treaty port, and Japanese commercial interests in this remote inland region of China are inconsiderable. For the province of Szechwan—a vast mountain-ringed basin of agricultural country which is economically self-sufficient and which supports a population of 50 million souls—affords a natural citadel in which the national Government of China might hope to hold out in the event of Shanghai, Nanking, Hankow and Canton going the way of Mukden, Tientsin and Peking. Evidently the Japanese mean to forestall this possibility of a strategic retreat on President Chiang Kai-shek's part into Szechwan. In the meantime, the Japanese Navy Department's declaration, after this week's murder of a Japanese sailor in Hongkew, that "Japan's honour is at stake," has a too-familiar sound; for that statement has hitherto been a curtain-raiser to each new act of Japanese aggression.

Tin: Restriction or Ransom?—The firmer tendency of tin prices recently was due largely to the conviction that the conclusion of a deal with Siam would be announced after last Wednesday's meeting of the International Tin Committee, in order to clear the way for a renewal of the restriction scheme. The market, consequently, was disappointed to learn that Siam's intransigence was still holding up the whole question. In a statement, after the meeting, the Committee laconically observed that the newly appointed Siamese delegation "explained the point of view" of their Government and that negotiations for a renewal of the scheme would continue. Meanwhile, the present restriction scheme will lapse at the end of the year. Siam, apparently, is determined to wait until the last moment before yielding, in the hope of obtaining better terms at the eleventh hour. The Committee will meet again a month hence. Meanwhile, production quotas are to be unchanged during the last months of this year at 90 per cent. of the "standard" tonnages allotted to each country adhering to the scheme.

Progress of the Motor Industry.—Motor manufacturers are now busy putting the last touches on the new models which will be displayed at "Olympia" on October 15th. Meanwhile, the industry as a whole has every reason to be satisfied with the results of the 1935-36 season. Production of private cars and taxis rose from 266,866 units during the ten months ended July, to 307,988 units during the corresponding period this season. The improvement was most marked in the home market, but exports, too, showed an increase, from 46,261 units during October, 1934—August, 1935, to 54,899 units this season. The commercial vehicle section of the industry benefited from the increase in business activity at home and abroad. Output increased from 78,833 units during the ten months ended in July, 1935, to 91,036 units during the corresponding period this season. Exports, at 14,055 units between October, 1935, and August, 1936, showed an increase of 499 units over last season. As a result the number of private cars in use, as estimated by the Society of Motor Manufacturers and Traders, increased from 1,455,721 at the end of August, 1935, to 1,625,799 last month. During the same period the number of goods-carrying road vehicles in use rose from 414,760 to 438,746. Moreover, there are no signs that the demand for automobiles has reached saturation point, and the industry is looking forward to another record-breaking season. But costs are now tending to rise as a result of higher raw material prices and increased wages. To some extent, however, the rise in costs may be offset by further improvements of technical efficiency. If the general business conditions continue to improve and if the industry can obtain its increased requirements of materials and labour, the coming season should bring disappointment only to those manufacturers whose models fail to catch the public fancy.

Entente Cordiale in the Whaling Industry.—The story of the dispute between British and Norwegian whaling interests, recounted in the *Economist* dated September 5th (p. 431), had a happy ending this week, when agreement was reached between the two Governments about measures to be taken to safeguard the stock of whales during the forthcoming season. The basis of the present agreement, according to an official statement, is the imposition of regulations providing for a close season and for limitation of the number of whale catchers used at any one time in conjunction with a factory ship. In a few exceptional cases, where hardship might be caused, restriction by quota has been substituted for restriction by close season. For ships registered in the United Kingdom and the British Dominions, restriction will be voluntary, since these Governments do not possess statutory powers to limit the number of whale catchers. There is no reason, however, to suppose that restriction will thus be less effective, for British ships will carry inspectors, charged with the duty of safeguarding the terms of the agreement. The open season will be from December 8, 1936, to March 7, 1937, and the permitted number of whale catchers to be used at any one time in connection with a factory ship will vary from seven to five. This satisfactory ending to long and difficult negotiations is creditable to all concerned.

Fall in Irish Population.—The preliminary report of the Census of Population of the Irish Free State taken last April states that the population was 2,965,854, compared with 2,971,992 in 1926, representing a decrease of 6,138 or 0.2 per cent. These figures have caused some surprise, as the annual estimates of population had suggested that the census enumeration would reveal an increase. The discrepancy between the anticipated and realised results of the census is explained by the under-estimation of the volume of emigration to the United Kingdom, which amounted in ten years to 78,130, of whom 31,421 were males and 46,709 females. The census also discloses a remarkable internal migration in the Free State from country to town. Between 1926 and 1936, the urban population increased by 9.7 per cent., while the rural population decreased by 4.8 per cent. The population of Dublin increased by 15.7 per cent.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

UNEMPLOYMENT AND SKILLED LABOUR SCARCITY

THE American Federation of Labour estimates that although two million persons have become re-employed in the past year, there are still 10 millions out of work. Other published estimates are a little higher or a little lower. Little faith can be placed in these estimates or in the methods by which they are derived. The Federal Relief Rolls account for less than four millions, and local and private charity for an uncertain, but much smaller figure. In other words, only about one-half the estimated 10 millions unemployed are provided with any sort of formal assistance. Statistics aside, it seems preposterous that such a situation could exist without giving rise to public demonstrations or at least audible clamour. It is conceded that there are unemployed who have no access to formal relief; for distress does not establish a "right" to Federal relief. But that the number of unemployed not receiving aid can equal the number receiving aid, without making their existence felt in some visible or audible way, taxes one's credulity—particularly in an election year, when five million unrelieved unemployed representing 10 million votes "on a division" would be worth political attention.

The fact of a widespread labour scarcity, co-existent with widespread unemployment is, of itself, no paradox. The scarcity exists in skilled or semi-skilled trades, although most semi-skilled work requires no more than average physique and average aptitude, plus a few weeks' training. It is impossible to reconcile this acknowledged fact of a scarcity with the estimate of five million unrelieved unemployed. Whether they exist in reality or only on paper, the fact is that the United States is pretty close to a sellers' market in labour.

The boundary line between prosperity and boom is signalled by the general appearance of a sellers' market. There is scant evidence that the United States has crossed that boundary, but it is obviously near it. For several months, for example, steel operations have continued at about 70 per cent. of the rated capacity of the industry; but it is estimated that the effective economic capacity is no more than 75 per cent. of its rated capacity. The freight car loadings index is about 75 per cent. of its base period; yet there are hints of a "car shortage" at the seasonal peak, which will come within a month. One could multiply these instances of the points at which current demand is encroaching upon readily-available supply.

END OF THE DROUGHT

The belated rains of August broke the drought just in time to prevent that calamity from surpassing the record of 1934. It is now estimated that agricultural production will be 2 or 3 per cent. above that of 1934; a slender margin which shows how near the forebodings of July came to fulfilment. Agricultural income, however, will be substantially above that of 1934, as the agricultural price level is higher; owing to Federal subsidies it may be larger than 1935, but most of the increase over last year occurred in the first half. For the last half of 1936, farm income, including subsidies, may run below the last half of 1935.

The inertia of American price indices is a source of frequent discussion. The Bureau of Labour Statistics index was 78.8 in January, 1935. It is now about 81; that is, for the better part of two years it has remained in a bracket of three points, or about 4 per cent. The following figures, taken from the September Bulletin, are, of course, not precisely comparable, but they have some significance:—

	July, 1935	July, 1936
United States*	82	81
United Kingdom†	85	90
France‡	292	405

* U.S., 1926 = 100. † U.K., 1930 = 100. ‡ France "Farm and food products" 1913 = 100.

Industrial Products

United States§	78	80
United Kingdom	90	96
France	347	378

§ "Other commodities" (i.e., excluding farm products and foods)
Our "farm products" index has risen from 77 to 81.

The rising tendency in France and England appears to be quite definite, while in the United States the outstanding feature is stability. American farm and food price indices have risen somewhat since July; on September 5th, the Bureau of Labour Statistics index was 80.9; with farm products at 82.1, foods 82.2 and "other commodities" 79.6. The corresponding figures for the week of September 7, 1935, were 80.4, 79.9, 85.9, and 77.9. The retail food index shows a little more marked tendency to rise; it was 80 in July, 1935, and 84 in July, 1936. This is a rather larger increase than the British, from 126 to 129; but it is much less than the French, 83 to 91. There is something of a paradox here; for the man in the street, or rather the woman in the home, is persuaded that retail prices of all kinds are not only higher than a year ago, but much higher.

If the steel industry is typical, it would appear that American labour costs have been rising. In July, steel output was 13 per cent. below the average monthly production of 1929, but it was employing 10 per cent. more workers, at a higher average hourly wage. A major reason for the increase in the number of workers would seem to be the shorter week—39 hours (average) in July against 55 hours in 1929.

For the first time in the history of New York City, the enrolment in the local schools at the opening of the autumn term was below the previous year. The total enrolment was 1,120,000, or 9,000 below last September. Enrolment in the elementary grades was down 17,000, but this was partly made up by increased registration in the secondary schools.

NEW YORK, September 15.

FRANCE

"STAY-IN" STRIKES AND THE RIGHTS OF PROPERTY

THE recent "stay-in" strikes in the Northern textile area were made the occasion for an agitation by employers for the defence of "authority" and order in factories. The employers refused conciliation and arbitration by the Government, but declared that "should the Government impose its arbitration—if the law authorised it to do so—they would obey." The employers knew that the law could not give such an authorisation to the Government; for this authorisation would have been contradictory to the right of property, and the Radicals could not support such a policy. The Government thus gave way and, with the aid of the Trade Unions delegates, persuaded the strikers to leave the factories at once. The employers then consented to an increase of 6 per cent. in wages.

The Government of the Popular Front was thus preserved once more, but as soon as the textile agreement was reached, on Sunday last, there began a general offensive by the leaders of the Radical-Socialist Party emphasising the need for the Government to condemn stay-in strikes and to impose respect for the democratic rights of property and the liberty of labour—that is respect for those victories of the Revolution of 1789 which M. Blum had applauded a few days earlier. The Radicals also declared their unshakable fidelity to the Popular Front, but added that such breaches of liberty and rights might damp the enthusiasm of the people who voted for it in May.

There is, indeed, a visible change in public opinion, and the political leaders are making the greatest efforts to put the break on the activity of the revolutionary elements; but the accord in the textile industry was followed by new stay-in strikes, and the rise of prices is fomenting other

GERMANY

TOWARDS AUTARKY

IN business circles last week there were rumours of a new law designed to further the production of raw materials in accordance with Herr Hitler's Nuremberg speech; and it was expected that Dr. Schacht might make an announcement early this week. It is not clear, however, whether the Four Years' Raw-material Plan mentioned at Nuremberg means anything definite. Since the Nazi Government came into power the word "Plan" has been used loosely in the sense of "Policy," in a very different meaning from that of the Russians from whom the "Planning" notion was borrowed. It is not possible for Germany to plan production in the rigid Russian way unless she controls capital and dictates to producers. Control of capital so far has been negative rather than positive. Producers in many trades (mostly manufacturing) have been told that they must not invest in new plant. In those trades, however, in which an increase of output is desired, governmental influence has in general been limited to credits, guarantees, bounties, monopolies and of course, import restriction. This policy dates back to long before 1933.

In the case of no raw-material is the home market absolutely dependent on imports. Substitute materials, such as those designed to replace standard textile fibres, are at worst usable. Where no substitute has been, or is likely to be, found, there is in a number of cases a theoretically unlimited source of home supply, in highly uneconomic conditions. Autarky would require, however, adaptations of home consumption which would be very hard to bring about; and it is significant that official attempts to influence consumption, as of certain meats and fats, have so far had little success. It seems that the consumption of goods normally favoured can be reduced only by stopping the supply. This, however, is difficult; for in the period before complete autarky is attained, foreign trade must go on, and certain goods must, therefore, be admitted.

But progress towards autarky in turn involves serious difficulties in foreign trading. Substitute raw materials, which can be forced on manufacturers producing for the home market, cannot in general be used in manufacturing for export; for foreigners will not buy goods which are usually inferior and always dear.

A DISPUTE OVER IRON ORE

Officially these matters are usually presented as part of the opposition between Germany and the world. Autarky, being nationalism, is good in itself, or it is a necessary evil imposed by vicious foreign countries, or it is required for defence. Within Germany, however, autarky is a matter of controversy not on national grounds, but on grounds of the rival pocket interests of particular manufacturing and raw-material producing groups. At present a vigorous agitation, vigorously opposed, is proceeding about the iron supply. It is theoretically possible to increase home iron-ore production almost indefinitely—on the assumption that prices matter nothing at home, and that exporting is only an undesirable device for maintaining the imports which autarkists desire to eliminate. Home production of iron ore has of late rapidly increased, but owing to the rise in iron output, it still plays an unimportant role. The import of ore, which was nearly 17 million tons in 1929 and fell to under

strikes, although M. Daladier has stated that these strikes are disturbing production and in particular defence preparations. A clash between the strikers and the employers and between the Communists and the Radicals may thus recur; and this will give a particular significance to two coming events: the extraordinary conference of the General Committee of the Trade Unions which is summoned for Sunday, and the annual congress of the Radical-Socialist Party on October 25th at Biarritz. At the trade union meeting M. Jouhaux, the general secretary, will propose the institution of a new legal procedure designed to prevent stay-in strikes or lockouts being adopted before conciliation has taken place. What will be the answer to this of the Trade Unions delegates, among whom revolutionary elements predominate now that the number of their followers has increased from 2,500,000 to 5,000,000 in three months? Their decision, in any case, will have repercussions on the Radical Congress, the date of which seems to have been postponed in order to prepare provincial branches for a strong protest against the alleged breaches of the liberties and rights of 1789.

FURTHER GOLD LOSSES

Whatever congresses and speeches may achieve, however, the contradictory situation created by simultaneous strikes and their condemnation by the Government, and by public opinion, cannot continue indefinitely. This is specially true now that other events are menacing the uneasy Popular Front alliance. The drain of gold is persisting. During the past few weeks there has been a further fall in the Bank of France's reserves to the extent of nearly 1,500 million francs. The Bank's liabilities at the same time are increasing as a result of the recent public works vote, the wheat office, military expenditure and the Treasury deficit. The 3,000-million English loan will soon reach maturity; so that the gold stock of the Bank will soon be less than 50,000 millions (against 82,000 millions twelve months ago); whilst the ratio of gold reserves to liabilities is steadily dropping. (It is, nevertheless, still 58.03 per cent. against a legal level of 35 per cent.)

Prices are also rising and foreign trade falling. The strikes are impeding economic recovery, though the Government is still trying to promote it through a "reflation" of purchasing power. At this moment, when the Radicals had just emphasised the necessity of safeguarding property rights, and M. Vincent Auriol had declared it indispensable to re-establish a margin of profit in industry and trade, M. Paul Reynaud has returned from America. He stated that America had recovered prosperity after devaluation, and also that London and New York agreed to come to the aid of France in carrying out the difficult step of devaluation.

Is the long and painful struggle for the franc coming to an end? Is France nearing its "September 21st"? The problem remains a political one. But the sole opponents are the Communists, who think it possible to impede the rise of prices by the maintenance of the franc. But prices are already being raised by reflation, which is the financial substitute for devaluation. And devaluation now appears to be the only way of restoring international trade, while the simultaneous revival of free trade and prosperity appears as the sole hopes by which the Radicals can achieve the re-establishment of their former political predominance in the country. Will then an acceptance by the Communists and the Radicals, aided by the support of the great democracies abroad, open the way to a solution? Or will France begin by an embargo and new State controls?

Foreign trade in August declined again to 2,938 million francs, against 2,951 million francs in July. Imports were 86 million francs lower, but exports increased by 73 million francs. The import surplus was 590 million francs, against 750 million francs in July. It was 253 million francs in August, 1935. The total import surplus for the first eight months of the year is more than 6,000 million francs, against 3,800 million francs for the same period of 1935. Imports were 15,567 million francs in 1936, against 14,476 million francs in 1935; and exports 9,446 million francs, against 10,234 million francs.

PARIS, September 24.

The British and Polish Trade Bank A.G., Danzig

Paid-up Capital: D. Gulden 5,000,000.---

Reserves: D. Gulden 3,527,571.57

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3½ million tons in 1932, rose to 14 million tons in 1935; and has this year been at the rate of over 19 million tons. Home output, which was lowest at 1,340,000 tons in 1932, rose to 5,300,000 tons in 1935, and is this year at the rate of six million tons. The iron content of the foreign ore, however, is 55-60 per cent., and of the home ore 30-35 per cent.; and as against some 1,794,000 tons of iron in the home ore (1935) there was some 7 million tons in the foreign. The smelting cost of the home ore is four-fold that of the foreign. The recent increase in home output has been mainly due to an uneconomic undertaking by the iron industry to purchase certain minimum quantities.

The continuing rise in the retail price of consumption goods has led to punitive measures. In general, fixed-price limitations are observed, but free prices are being pushed up sharply. The restoration of the office of the Reich Price Commissary is being discussed.

The September cereal-crop estimates, like that of August, revise those of the previous month. The wheat estimate is reduced by 200,000 tons, rye by 300,000 tons, and all bread cereals by 682,000 tons. The new bread-crops estimate is 12,420,000 tons, against 12,270,000 tons in 1935; and all cereals 22,580,000 tons, or 500,000 above the 1935 figure.

The decision taken during M. Bastid's visit to Berlin to negotiate for a new Franco-German commercial and payments agreement was well received, and had some influence on the Bourse. The German view, as expressed a year ago, was that the clearing system should be replaced by an agreement resembling the Anglo-German agreement. The economic agreement with Poland of November 4, 1935, has been prolonged until the end of the year, and a new agreement for 1937 will be negotiated. The foreign trade return for August shows the largest export surplus attained since the era of import surpluses terminated:—

	July	August	Jan.-Aug.
Imports	Millions of Marks		
I. Foodstuffs	105.2	109.2	991.6
(a) Livestock	7.8	8.4	58.7
(b) Animal foodstuffs	27.4	33.4	296.5
(c) Vegetable foodstuffs	70.0	67.4	636.4
II. Industrial goods	240.5	236.5	1,810.8
(a) Raw materials	135.1	128.7	1,036.8
(b) Semi-manufactured	71.8	73.0	520.3
(c) Manufactured	33.6	34.8	253.7
Total	345.7	345.7	2,802.4
Exports			
I. Foodstuffs	6.5	5.4	59.6
(a) Livestock	0.1	0.1	1.7
(b) Animal foodstuffs	0.7	0.6	5.8
(c) Vegetable foodstuffs	5.7	4.7	52.1
II. Industrial goods	388.8	403.6	2,987.4
(a) Raw materials	32.3	35.6	260.9
(b) Semi-manufactured	38.2	37.4	303.9
(c) Manufactured	318.3	330.6	2,422.6
Total	395.3	409.0	3,047.0

There is a close parallelism with 1935 which showed also a steady improvement after June.

According to an official report, the average time worked daily in industry in January, 1936, was 7.5 hours, as against 6.88 hours in March, 1932, and 7.8 hours in September, 1927. The longest working times, slightly over eight hours, were in the paper and engineering branches. The total number of hours worked monthly in the middle of 1936 was 3,950 millions, as against 2,700 millions in 1932, and 4,010 millions in 1928. Of the increase since 1932, 91 per cent. was due to the rise in the number of employed, and 9 per cent. to the lengthening of the time worked.

Industry continues to be active. Coal production in the first eight months was 101,884,000 tons, against 91,374,000 tons in the same period of 1935, without Saar output in January and February. (For comparison the former figure should be reduced by 1,867,000 tons.) Pig-iron production in August was 1,362,000 tons; in the first eight months it was 10,056,500 tons, against 8,141,200 tons in 1935.

In connection with the meeting of the British Iron and Steel Institute at Düsseldorf, the leader of the German group in the International Steel Cartel, Dr. Poensgen, expresses the view that agreement between the tube producers, whose cartel collapsed early in 1935, will be restored. Dr. Poensgen implies that the countries outside

the Steel Cartel, in particular the United States and Japan, may come in. The Kloeckner Steelworks Company has increased its dividend from 3 to 4½ per cent. The monthly report of the engineering industry is again favourable.

The July, 1936, motor-car census shows 962,000 private cars, against 810,000 in July, 1935; 271,000 commercial vehicles, against 244,000; and 1,184,000 bicycles, against 1,059,000. Exports of motor-vehicles are rapidly increasing, and imports have almost ceased.

Berlin, September 22.

POLAND

"BACK TO FRANCE"

FOR internal no less than external reasons it is widely felt that the most important Polish event since the death of Marshal Pilsudski in May, 1935, is the "return to France," which reached a definite stage with the initialing in Paris on September 6th of a political-military agreement of far-reaching importance. Emphasis has been placed here, not on the contents of the agreement, about which very little has been disclosed, but on its strictly bilateral character. Any suggestions that the agreement even indirectly involves Czechoslovakia or Soviet Russia draw a prompt denial from the newspapers which reflect the views of the Foreign Office.

The agreement was made, from the Polish side, by General Rydz-Smigly, the military successor of Marshal Pilsudski. It has not passed without diplomatic comment here that an agreement of such importance should have been virtually concluded in the absence of Colonel Beck, the Foreign Minister, who has been looked upon as the custodian of Pilsudski's "political testament" in foreign affairs. There are many Poles who would have felt easier about the "return to France" if Pilsudski had signed the agreement—not because they do not share the traditional friendship for France, but because the more discerning realise that the step taken is a very serious one. They may have been harbouring illusions, but many Poles felt Pilsudski had so arranged affairs that Poland might have been able to keep aloof—for some time, at least—from a European war. The situation in this respect now looks much less hopeful.

The main factors in Polish foreign policy must always be Germany and Soviet Russia, and it needs a very capable diplomatist—such as Marshal Pilsudski was and Colonel Beck is—to walk the tight-rope between them. Walking the tight-rope, difficult as it is, is preferable to walking the plank. France, after the refortification of the Rhineland zone, is for Poland a secondary factor in a strictly political sense, but of growing importance from the financial side, and here no doubt lies the secret of the September 6th agreement. Pilsudski was too strong to permit finance to influence foreign policy.

THE GOVERNMENT'S INCREASED POPULARITY

The Government has not been slow to appraise the "leverage" which the re-invigoration in the fullest sense of the Franco-Polish alliance may exert on the internal political situation. Public opinion at large has heartily welcomed the "return to France," and the personal authority of General Rydz-Smigly, backed by French acclamation, has been successfully "put across." The Government's position one month ago was not at all comfortable. The peasants were showing increasing dissatisfaction with the regime, and six years of relentless deflation had severely shaken confidence. General discontent for the moment has given place to gratification over the "return to France," and French money may do the rest.

Great reticence is being shown here about the cash consideration involved. Poland has received from France in one form or another since 1918 about 1,500 million zloty, on which there is now practically no service. More than half this amount is represented by the so-called war debts, which may presumably be regarded as dead; but a substantial portion is in industrial and commercial investments on which the transfer of service or interest was "blocked"

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by the exchange restrictions introduced this year. Temporary arrangements were made in July to adjust—until the end of this year—commercial relations to the exchange restrictions, and it is intended to negotiate a new commercial treaty before December 31st which will provide for a substantial increase in Polish exports to France. Only about 3 per cent. of Poland's exports now go to France, but it is suggested that France could greatly increase her imports of Polish coal. In that case, however, Franco-British commercial relations, not to speak of the Anglo-Polish coal marketing agreement concluded nearly two years ago, would be affected. France, unlike Germany and England, is not a natural market for the products which Poland is able to export in quantity.

Coal also figures prominently in a temporary trade agreement which Poland concluded with Italy a few days ago; and this, like the agreement made with France in July, accepts the principle that, in the present state of Poland's foreign exchange reserve, debt service can be met only by the export of goods.

The troublesome matter of payment by Germany for railway transit across the "Corridor" has now been regulated until the end of this year. The haul across Polish territory has been shortened, and the monthly payment (as from March 25th) reduced from about 7,000,000 zloty to 3,200,000 zloty, which is being paid in foreign exchange. The arrears of 81,600,000 zloty which accumulated up to March 25th will be "liquidated" as to approximately 50 per cent. in goods and the balance by off-setting German financial claims against Poland arising from the acquisition of German holdings in Upper Silesian industrial plants and the "blocking" of German balances since the introduction of Polish exchange restrictions.

Except that the export surplus, with the development of "compensation" trade, is slowly disappearing, the foreign trade figures are improving. They are as follows:—

	1934	1935	1936
	(Millions of Zloty)		
Exports	554.5	519.2	566.2
Imports	463.2	490.6	541.1
Export Surplus	91.3	28.6	25.1

Figures of industrial production, car loading, retail trade, etc., also show a general improvement over those for 1935, and this has been accomplished simultaneously with a balanced Budget. It is expected that the improvement will gather momentum with the inflow of French arms credits, and security markets are responding with a feeling of hopefulness not experienced for several years to the better industrial outlook.

WARSAW, September 21.

SWEDEN

THE SOCIAL-DEMOCRATS' VICTORY

CONTRARY to general expectations, the elections to the Second Chamber of the Riksdag on Sunday resulted in a marked advance by the Social-Democrats and a still more marked defeat for the Conservatives. According to the preliminary figures, the Conservatives will hold only 44 seats, compared with 58 previously. The Farmers' Unionists lost one seat, and will now have 36 seats. The Social-Democrats have advanced from 101 to 112 seats. The Liberals went up from 24 to 27 seats and the Communists from 2 to 5; and Right-wing Communists (or dissent Labour) have lost 2 seats and now hold only 6. In the new Chamber there will thus be a Labour majority of 123 members, against 107 non-Labour members.

The question is whether the Social-Democrats will form a Parliamentary coalition with the 36 Farmers or with the 11 Communists. At the moment the former combination seems more probable, and the formation of a Cabinet under M. Hansson, the Social-Democratic leader and late Prime Minister, in partnership with the Farmers' leader, M. Persson-Bramstorp, seems likely. If, however, the Social-Democrats and Farmers should not be able to agree upon a common programme, M. Hansson will be obliged to have

recourse to the Communists and to offer a seat in his Cabinet to a Communist representative. In that case the resulting Labour Cabinet would certainly embark on a more radical economic policy than Sweden has hitherto known. The possibility of the socialisation of certain branches of industry and trade has therefore become more real, and the Stock Exchange has recorded strong declines, particularly in brewery stocks, since this trade is considered ripe for socialisation.

The chief reason for the victory of the Social-Democrats is in the general economic recovery experienced during the four years' rule of their recent Government, led by M. Hansson, and in his moderate and wise policy. The defeat of the Conservatives is partly explained by the lack of effective leaders and the failure to adapt the Conservative programme to the wishes of clerks and salaried employees, who have consequently voted for the Labour parties.

STOCKHOLM, September 22.

HUNGARY

ELECTORAL REFORM PROPOSALS

ON the eve of his departure for a prolonged sick-leave, the Prime Minister, General Gömbös, addressed a letter to the President of the House of Deputies expressing his desire that the long-delayed electoral reform proposals should be discussed by the leaders of the parties when Parliament re-assembles at the end of October. Electoral reform proposals have figured on the party programme of all governments for the last fifteen years. All parties want the abolition of the open balloting, and General Gömbös is committed by his last electoral pledge to institute the secret ballot in the rural constituencies. At present about one-fifth of the deputies are elected by secret ballots, i.e. those in the big towns only. In connection with the electoral reform the extension of the prerogatives of the Regent and of the Upper House will also be considered.

There is much doubt whether the Prime Minister will be able to resume his duties as virtual leader of the Government when Parliament re-assembles. His illness has prevented him since the end of May from discharging his duties, and his absence gave rise to frictions amongst the various factions of the Government party, so that it was necessary to invest his deputy Prime Minister, Dr. Darányi the Minister of Agriculture, with the leadership of the Government party as well. It is just four years since General Gömbös formed his first Cabinet. During his premiership, thanks to the able administrations of his Finance Ministers, Dr. Turrédy (in his first Cabinet) and Dr. Fabinyi, the purchasing power of the pengő has been fully maintained, and the finances of the States have been brought in order, which was no small achievement considering the huge deficit and the burdensome interest rates prevailing in 1932. His foreign policy was cautious and successful; Dr. Kanya, the Foreign Minister, enjoys the confidence of all parties. It is in the domestic field where

General Gömbös encountered great difficulties, due largely to a number of younger party zealots who unnecessarily embittered the opposition parties by their fanaticism. It is a pity that General Gömbös, who has been so fortunate in choosing his Cabinet Ministers, should have been so unlucky with the management of the political organisation of his party. There is little doubt that on questions of electoral reforms he wants to fulfil his pledge, which he feels as a debt of honour to the country. Considering the grave illness of the Prime Minister, it is only natural that there should be great excitement and political intrigue over his probable successor. Besides several of his Cabinet Ministers, a number of outsiders are freely mentioned in the Press. It seems most likely, however, that in case of his inability to resume leadership, his deputy, Dr. Darányi, who is moderate and beyond petty party politics, will carry on.

BUSINESS RECOVERY CONTINUED

The economic recovery, thanks to the good harvest and the financial progress made in the last two years, continues satisfactorily. The revenues of the State and the State enterprises were considerably higher than last year, both in July and in August, and the liquidity of the banks has increased. Sight deposits of the State and the banks with the National Bank at the end of August totalled 131 million pengö as against 90.4 million pengö a year ago, and the note circulation expanded moderately from 390.6 million pengö to 410 million pengö in the same period. Economic activity is best demonstrated by the substantial increase in residential building. It is interesting to note that building activities were financed mostly from private savings without the creation of long-term or short-term bank debts. As the State does not need the liquid resources of the banks to meet the deficit as it did from 1930 to 1934, credits are more freely granted for commercial purposes.

Foreign trade returns in August were very satisfactory. Imports amounted to 32.1 million pengö, against 30 million pengö last year, and exports jumped to 49.2 million pengö against 32 million pengö last year. The rise of 50 per cent. in the value of exports is due chiefly to the good harvest and partly to higher prices. Comparative figures for the first eight months are as follows:—

	Imports	Exports	Export Surplus
	In million pengö		
January–August, 1935 ...	234.4	256.7	+22.3
January–August, 1936 ...	289.1	306.9	+17.8

Prices of some primary commodities such as cattle, eggs and fat have considerably increased; but those of vegetables, fruit and potatoes have fallen substantially.

BUDAPEST, September 15.

CHINA

CHIANG KAI SHEK AND THE KWANGSI WAR-LORDS

MARSHAL Chiang Kai Shek seems to possess the patience of Job. For over a month he has resisted the attempts of the Kwangsi War Lords to lure him into civil war, and although he has at his command forces which are greatly superior to the Kwangsi army in numbers and efficiency, he is still endeavouring to reach a peaceful settlement. At the moment, a peaceful solution of the trouble seems remote, as Kwangsi troops have now invaded the southern portion of Kwangtung and have taken possession of the port of Pakhoi. With the entrance to the West River (Kwangsi's normal channel of trade) blockaded by the Central Government forces, the only outlet from Kwangsi to the sea is by way of Pakhoi.

There are various rumours that the Kwangsi Government, although ostensibly anti-Japanese, is in collusion with the Japanese, who wish to keep Chiang Kai Shek occupied in the South, while they extend their hold on Northern China. If there is any foundation for these rumours, Kwangsi would require a seaport for the importation of munitions. There are some cruisers of the Central Government in the neighbourhood of Pakhoi presumably intended to intercept any attempts at gun-running, but they are small vessels and could not provide landing parties to drive the Kwangsi troops out of Pakhoi.

The deposed dictator of Canton, Chan Chai Tong, sailed for Europe last Sunday in an Italian liner. It is, by the way, worthy of note that for the past year or two distinguished Chinese personalities visiting Europe have invariably travelled by the Italian line. Chan Chai Tong spent nearly a month in Hongkong, unable to leave the colony owing to the absence of a passport. At last, the Nanking Government agreed to issue one, and it is wondered what proportion of the Canton Government's funds were surrendered by Chan Chai Tong in exchange for the passport.

REORGANISATION IN CANTON

Meanwhile, the civil officials in Canton have been settling down to the formidable task of reorganising the Province. So far, the most striking achievement is the abolition of gambling houses, all of which were closed on August 31st, after their last session had attracted huge crowds. Certain irregular taxes on imports have been abolished, but others are still in force, and some time may elapse before trade is relieved of the many imposts brought into force by the late Government.

The announcement in Nanking that the new Income Tax Law will become effective on October 1st is viewed with some anxiety. Information about the way in which the tax will be applied is wanting, but however carefully compiled the regulations may be, it is obvious that the tax will never be collected on a uniform basis. The Chinese themselves will have little difficulty in evading the law, and the Japanese will ignore it.

Like many other commercial centres, Hongkong is beginning to realise the value of the tourist as an invisible export. The first report of the Hongkong Travel Association has just been published, and during the past twelve months a considerable amount of overseas publicity has been arranged together with the production of a "Magic Carpet" film. The report mentions that the number of foreign visitors landing in the colony during 1934 was 1,819,000, and that this number increased to 2,282,000 during 1935. American tourists have hitherto formed the greater proportion of visitors to Hongkong, but during the past year or two there has been an appreciable increase in the number of tourists making a round trip from Australia to the Far East.

HONGKONG, September 3.

LETTER TO THE EDITOR

ARE TRAMS OBSOLETE?

TO THE EDITOR OF THE ECONOMIST

SIR,—In your article on Commercial Motor Progress you make the statement that "the obsolescence of the trams is now generally admitted." It is perfectly true that the tramway industry is a declining and not an expanding one. I suggest, however, the bare statement that trams in general are obsolete merits some qualification. Trams are still being manufactured in considerable numbers, and in certain circumstances they are still the most effective form of transport both at home and abroad.

In the first place, may I quote the example of Liverpool, which is overhauling its tramway service and in pursuance of its programme has already acquired during the last two years 250 new vehicles and is expected to be in the market for many more before re-organisation of its fleet is complete. Though this is the largest tramway programme for any individual concern in the country at the present moment, many other municipalities and companies have placed substantial orders in the past few years, and are still continuing to acquire new rolling-stock or modernising their existing stock. At the same time orders have come to this country in recent months from several overseas tramway concerns in India, New Zealand, Australia and Africa. The order from South Africa was for 50 Equal Wheel Bogie cars for Johannesburg. The cars were fitted with four 40-h.p. motors. It is probable that a considerable number more cars will be required to fulfil their programme.

The foregoing is sufficient to show that the tramway industry is by no means dead. May I briefly outline the reasons why this is the case, and first of all compare the tram with the motor omnibus.

Economical though it is, the modern Diesel (or, to be more precise, compression ignition engine) is a less efficient source of power than a large central electricity generating station, even taking into account the costs of distribution. Also despite the improvement of road services the effort required to move a tram along rails is less than a bus along roads. The motor-bus has to

be somewhat economical in its use of electricity, which it has to generate as it goes along. The tram can be far more lavish in this respect and, as a result, trams at night are better lighted vehicles in which to ride.

In comparison with a trolley bus, and still more a motor-bus, the tram has a considerable advantage in the matter of depreciation. All three types of vehicles cost about the same, but it is likely that a tram will have a life of from 10-20 years, a trolley bus of 5-10 years, and a motor-bus not more than 5 years. To the depreciation of the tram must be added the cost of the track. This, however, is a comparatively small item if traffic is dense. If a separate track is used, or, alternatively the tram undertaking is credited with the section of the road it maintains. In maintenance costs the tram scores heavily against both its competitors, rubber tyres being costly, and against the bus in the care of its engine and transmission.

The great objection to the tram is the obstruction which it creates for other traffic. There can be no quibble on this point. Where, therefore, traffic congestion is a problem there is no doubt that the trolley bus is a superior vehicle. There are, however, many places where this problem does not occur. Some of the main roads radiating out of Birmingham, for instance, for large portions of their length have separate tram tracks between two one-way roads. May I suggest that where traffic congestion

is not a problem, as for instance by employing the principle of a separate track, there is still a very definite place in the transport industry for the tramway.

There is one further disability under which the tram labours which should not be overlooked. In their desire for economy, usually for the purpose of relieving the rates, many Corporations have run their trams until they have become excessively old and derelict. The L.C.C. have recently been scrapping trams which are over 30 years old; the Birmingham Corporation still have in operation trams approximating that age. If tramway undertakings were sufficiently enterprising to place before the travelling public none but up-to-date trams, such as those recently purchased by the Liverpool Corporation, the prestige of the tram would be very greatly enhanced.

In conclusion, may I add that in almost all parts of the Empire there are highly successful tram companies. It is interesting to note in this connection that where there is a colour bar which prevents natives from riding in the motor buses, it automatically provides a very large clientèle for the trams. I hope the foregoing is sufficient to justify the assertion that the tram is not entirely obsolete and that given the right circumstances it still has a very useful rôle to fulfil.

Yours truly,
L. A. CATLIN.

BOOKS AND PUBLICATIONS

MR STIMSON ON MANCHURIA

THE history of Anglo-American relations is one of friction struggling with friendship, and friction seems to have played the greater part. One of the most fundamental causes of criticism of Britain in America is the conviction that Britain is still playing the game of imperialism, and it was not until Britain had abandoned such ambitions in the Americas that the way was really clear for friendship to develop. In the first quarter of this century the influence of Bryce, Root, Choate and many others had gone some way to exorcise American suspicions of Britain. Progress was made when Lord Salisbury associated Britain with John Hay's Open Door policy for China, and in the Nine-Power Treaty signed at Washington in 1922. Under the influence of rapidly improving Anglo-American relations America was emerging from the accentuated isolationism which had marked its attitude to the League of Nations since the Great War. It is one of the tragedies of the last five years that America should once again have been given cause to renew her suspicions, and should have been driven back toward isolation.

Mr Stimson's recollections and observations on the Far Eastern crisis* show only too clearly the American view of the world crisis which started in Japan in 1931. When Japan used warlike means to annex Manchuria in 1931, Mr Stimson was eager to vindicate the Nine-Power Treaty and the Kellogg Pact, both of which Japan had signed, because they represented to him the most valuable results of the Great War. For this purpose he was willing to co-operate with the League of Nations to a much greater extent than his public might have wished. The atmosphere was troubled by the approaching Presidential election, by the most acute years of depression, and by the default of European nations on their war debt payments; yet he was willing to take the risk of failure, since victory would justify his actions. Early in November, 1931, he says, the League was anxious to obtain commitments from America on possible sanctions, before its members had even discussed such action between themselves. He explains that such a commitment in such circumstances was impossible, but he authorised Mr Dawes to inform M. Briand that if the League desired to impose sanctions, "we were anxious not to discourage them or to put any obstacles or dangers in their path." M. Briand was perfectly satisfied with this attitude.

It was in pursuit of the common aims of America and the League of Nations that Mr Stimson on January 7, 1932, sent a note to Japan and China, expressing America's determination not to recognise any situation brought about by means contrary to the Pact of Paris. Mr Stimson writes: "We naturally looked to the Government of Great Britain for a sympathetic understanding of the position we had

taken, as well as for possible co-operation in the subsequent steps which might make more effective our policy." He was disappointed. On January 11th the British Government, in a Press *communiqué*, accepted Japan's statement that Japan was the champion in Manchuria of the principle of equal opportunity and the open door for the economic activities of all nations; the British Government did not consider it necessary to address any formal note to the Japanese Government. Mr Stimson continues: "The contents of this *communiqué* were such as to be taken by most readers, including what was most important—the Japanese Government, as a rebuff to the United States. It was entirely silent about the preservation of the sovereignty,

JAPANESE TRADE & INDUSTRY

PRESENT AND FUTURE

Compiled by

Mitsubishi Economic Research
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With Maps and Charts, 686 pp. 21s. net.

The principal object of this book is to give a clear understanding of the actual situation of the Japanese economic world and its future tendency, through the scientific analysis of abundant statistics, chiefly relating to the production and trade of internationally important commodities, and by thorough studies of reliable data, thus explaining the real causes of Japan's phenomenal expansion.

"An exhaustive analysis of the great expansion of Japanese trade and industry which has followed the depression period of 1929-32. It includes statistical data and diagrams under every possible heading."—*Times Literary Supplement*.

MACMILLAN

* "The Far Eastern Crisis," by Henry L. Stimson. Published in England by Milford, for the Royal Institute of International Affairs. 293 pages. 15s.

independence and integrity of China, the Kellogg-Briand Pact and the assertion of the principle of the non-recognition of the fruits of unlawful aggression." Yet *The Times* said the British Government had acted wisely; did not fear that Japan would set up an independent regime in Manchuria; and did not believe in the administrative integrity of China. Japan was prompt to take advantage of this assurance of divided counsel.

On January 28, 1932, the Shanghai bombardment opened. This action was at its height on February 8th, when an unofficial suggestion came from the Tokyo Foreign Office that a ten-years' trial of the Nine-Power Treaty had proved it ineffective, and that demilitarised zones should be formed at the principal Chinese ports, and in Manchuria. Mr Stimson felt that this should be refuted at once, and President Hoover agreed that an attempt should be made to invoke a common protest from the signatories to the Nine-Power Treaty. Once again this was in conformity with the purposes of the League. Mr Stimson saw the British Ambassador on February 9th. He spoke to Sir John Simon by telephone at Geneva on February 11th and 12th, and again in London on the 13th and 15th.

Says Mr Stimson: "while no explicit refusal to my suggestion was ever made, I finally became convinced from his attitude in those conversations that for reasons satisfactory to it, and which I certainly had no desire to inquire into or criticise, the British Government felt reluctant to join in such a *démarche*. The British nonjoinder obviously killed the possibility of such a *démarche*." Mr Stimson might well have recalled the experience of both John Adams and Charles Francis Adams: "Of civility, cold and formal, such as only the English know how in perfection to make offensive, there was enough. No marked offence, but supercilious indifference." Once again, Japan was encouraged by Britain to pursue her conquest.

British reputation in America was further damaged by Sir John Simon's speech on the Lytton Report, which was at once reported in America as strongly pro-Japanese, and by the abortive arms embargo declared by Britain on both Japan and China, to the advantage of the former. After Manchuria came Abyssinia; after Abyssinia, Spain. Coming at this particular time, Mr Stimson's book can hardly fail to confirm the American isolationists in their distrust of Britain. Sir John Simon may have been merely the mouthpiece of his Government, but he will be remembered as the Foreign Minister who did more than any other to keep a friendly America at arm's-length.

Mr Stimson says: "I have emphasised our experience in co-operation with the Government of Great Britain because . . . it is inevitable that upon the Government of Great Britain and her Dominions will fall great responsibilities of leadership . . . and I further believe that my own feeling as to the importance of Anglo-American co-operation in the solution of the problems of this troubled world is shared by the great majority of my countrymen." Our own Government seems to wish for American co-operation, but in Canning's sense rather than in Stimson's; America is a useful ally in war. A contemporary recently suggested that we should resume war debt payments in order to clear the ground for borrowing for the next war. Fortunately this does not represent the attitude of the majority of our people; but American co-operation will not be obtained until definite proof has been given that imperialism is not our ambition. We believe with Mr Stimson that Anglo-American co-operation is one key to world peace; but that co-operation can only be achieved if British democracy reasserts its faith in the principles of the League of Nations, and impresses such faith upon its Government.

SHORTER NOTICES

"Book-keeping and Accounts." By Donald Cousins. English Universities Press. 340 pages. 7s. 6d.

The aim of this book is the relatively modest one of providing up to what is usually called the "Intermediate Stage," instruction in book-keeping to persons who need have no previous knowledge of the subject. Within the limits the author has deliberately imposed upon himself, he has succeeded. For the length of the work, the subject is treated as comprehensively and as thoroughly as possible (the main omission being

the treatment of Income Tax); examples are complete and copious, and perhaps form one of the chief merits of the book. A realistic view of the subject is denoted by a certain amount of very useful insistence on points of practical detail which are often glossed over in books of an elementary character. The work is developed on the plan, at first sight logical, of beginning with the books of prime entry, and following transactions through to the final presentation of accounts, ending with those of limited companies.

A section is added dealing with such matters as Bills of Exchange, which do not fall into any natural place in the general scheme. It is very questionable, however, whether this is the best or even a good method of introducing a subject to people having no previous knowledge of it. In this case it seems that a student is more likely to be bewildered than helped by plunging directly into a fairly detailed treatment of Journal entries, without first being given some outline of the general aims and methods of book-keeping. A certain amount of space is given to the reprinting of questions set by professional and other examining bodies.

"How Britain Rules Africa." By George Padmore. Wishart. 402 pages. 12s. 6d.

In this ambitious study Mr Padmore takes his readers through every territory of British Africa in turn, and describes the political, social, and economic conditions in each, with special reference to the relative position of the native populations. Being of African descent himself, he not unnaturally has a strong bias against imperialism as such, and in particular against the British colonial system, for which indeed he has scarcely a good or civil word to say. In his view, the Empire is an offensively composite product made up of the white man's racial insolence and the exploitation of a decaying capitalism which scours and scavenges the earth for profits in a kind of bestial frenzy. His scorn of the hypocrisy of "trusteeship" as a symbol of our relations with the subject races of the Empire is bitter, and he consequently has no faith in indirect rule, the dual mandate, or any other such expedients.

Nor does the League of Nations, with its system of A, B, and C mandates and its Permanent Mandates Commission, emerge from his scrutiny in much better case. He is particularly hostile to the suggestion which has been put forward by the Labour Party and by some sections of the peace movement, that British colonies and protectorates should be brought within the scope of a mandate system managed by the League. That whole question Mr Padmore sees simply as a discussion among the members of a gang of racketeers about the disposal and division of colonial swag. As an African, and in a sense therefore as part of the swag himself, he considers it prejudicial as well as undignified to join in any such debate.

Consequently it is no surprise that for Mr Padmore the only way of escape from an intolerable situation lies along the path of independence and self-determination for coloured peoples, and that his main appeal is accordingly made to the working class of Britain on the lines of the Communist manifesto. Our professional patrons of the Empire and indeed respectable members of society in general will be tempted to ignore this book. They will make a great mistake if they succumb. It has its faults—but for all that it may, mark the turn of a tide.

BOOKS RECEIVED

Socialism. By Ludwig von Mises. Translated from the German by J. Kahane, B.Sc. (Econ.). (London) Jonathan Cape. 528 pages. 18s. net.

The Problem of Nutrition. League of Nations. Vol. I. *Interim Report of the Mixed Committee on the Problem of Nutrition*. 98 pages. 2s. Vol. II. *Report on the Physiological Bases of Nutrition*. 27 pages. 6d. Vol. III. *Nutrition in Various Countries*. 271 pages. 5s. 6d. (London) Allen and Unwin.

City of Birmingham. Financial Statement for the Year ended March 31, 1936. 528 pages. *General Statistics and Epitome of the City's Accounts for the Year ended March 31, 1936*. (Birmingham) Treasurer's Department, Council House. No price stated.

How to Deal With Creditors. By "Solicitor." (London) Allen and Unwin. 96 pages. 2s. net.

This useful little book outlines the legal position of a creditor and the legal facilities available to him.

Growth of Legal-Aid Work in the United States. Bulletin No. 607. Revised Edition. (Washington) United States Department of Labor. 20 cents.

Annuaire de la Société des Nations, 1936. Edited by Georges Otlik. (Geneva) Editions de l'Annuaire de la Société des Nations S.A. 23, rue du Rhône. 1025 pages. No price stated.

MONEY AND BANKING

FUTURE GOLD RESERVES

IN a recent article in the *Economist* (May 3, 1936, page 427) we estimated that if Britain's gold reserves were revalued at the current market price the combined gold stocks of the Bank of England and the Exchange Equalisation Account would be in the neighbourhood of £600 millions sterling. Subsequently, these holdings have been further increased by official gold purchases made in support of the franc. A week ago, in a leading article on the fifth anniversary of our suspension of the gold standard, we laid stress on the ultimate need of our devising some practicable compromise between the rigid gold standard of 1925-31 and the exchange instability of to-day. Such a system would pre-suppose some form of currency "stabilisation" for sterling, which, in turn, would involve the question of the future employment and distribution of our gold reserves. It may be profitable to consider the implications of this question, even though stabilisation, in itself, may not be practical politics to-day, for stabilisation requires a considerable measure of international agreement. Our own adherence would be governed by the consideration that no international commitment should be allowed to impede our trade revival and interfere with our policy of cheap and plentiful credit. Without prejudice to these matters of principle and expediency, there are certain technical considerations involved, which may well be considered in advance of any decision on the main questions.

If stabilisation took the form of a return to gold its first consequence would be the obligation of the Bank of England again to buy and sell gold in defined quantities—though at a very different statutory price from that of pre-devaluation days. Hitherto, the Bank's buying and selling prices have corresponded approximately to a price of 85s. per ounce fine, but the new price might be by all appearances in the neighbourhood of 140s. It would be for the authorities to make the fundamental decision whether the new price were to be rigid or whether it could be altered under certain defined conditions. Whichever policy were followed the immediate consequence would be the revaluation of the Bank's gold. To-day the Bank holds nearly £250 millions of gold. Revaluation at 140s. per ounce would write this holding up to £410 millions. This latter amount, undoubtedly, would be far in excess of the Bank's needs, under any conditions comparable with those of the present time. If the whole were allowed to become the basis of our credit structure, there would be all the material for a dangerous expansion in the total volume of credit which if unchecked might threaten us with the prospect of a widespread and disturbing "gold inflation." Thus the question of a possible segregation of some part of the £410 millions of gold might well arise at the outset.

This brings us immediately to the next consideration—namely, the future of the unknown quantities of gold held by the Exchange Equalisation Account. On the one hand, it might be argued that, if and when we returned to gold, the Exchange Equalisation Account would have played its part and could be wound up. But it might equally be argued that, under the gold standard of the future, the Exchange Equalisation Account would be capable of performing a new and important function and would facilitate the operation of a "managed," as distinguished from a rigid gold standard like that which broke down five years ago.

Such a result might be secured, possibly, along some such lines as these: After the Bank had revalued its total gold (including gold taken over from the Exchange Equalisation Account), the authorities would decide approximately how much gold the Bank needed to enable a policy of cheap and plentiful credit to be maintained. All gold which was surplus to this requirement would be transferred from the Bank to the Exchange Equalisation Account. Thus our gold reserves would be divided into two portions, the one held by the Bank (and forming the basis of our internal credit supply), and the other held by

the Exchange Equalisation Account. As stabilisation would, *ex hypothesi*, limit exchange fluctuations between narrow "gold-points" and remove any opportunity for large-scale exchange speculation, there would no longer be any need for secrecy as to the amount of gold held either by the Bank or by the Exchange Account. Both figures, therefore, could and should be regularly published.

Subsequently, if the state of the foreign exchanges led to movements of gold, the Bank of England would be required to buy or to sell gold. Thus the initial impact of any gold movement would fall upon the Bank's stocks. At this point, the question of "management" would arise. The Treasury and the Bank, co-operating along lines with which both have now become familiar, would need to decide on the underlying cause of any gold movement of significant size. For example, they might be compelled to conclude that a loss of gold was due to some internal disequilibrium. The British level of prices and costs might be disproportionately high, and the level of British interest rates disproportionately low, judged by those of other countries; or Great Britain might be passing through a period of excessive speculation. In such cases, if the authorities decided that the disequilibrium was not so serious or prolonged as to raise the question of the continuance of the existing parity between sterling and gold, the remedy would be to allow the gold loss to fall on the Bank alone, so that the Bank would be compelled to apply the time-honoured correctives of a higher Bank rate and a restriction of credit. Under such conditions, in short, the gold standard would operate in its traditional manner. Suppose, on the other hand, the authorities decided that the gold loss was due simply to the repatriation from London of foreign funds, and that there was no justification for allowing this loss to affect British internal interest rates, supplies of credit and general trade activity. In that event, the Bank would make good its loss by drawing gold from the Exchange Equalisation Account, the amount of gold so drawn being subject to any necessary compensating adjustments of the kind which we described in a recent article (see the *Economist*, August 8, 1936, page 271). In brief, the extent and nature of these adjustments would be governed by the desire to maintain a constant supply of joint-stock bank cash and/or a sufficient cash ratio for the joint-stock banks, as determined by their outstanding deposits. Since the amount of any transfers of gold between the Exchange Equalisation Account and the Bank would be published simultaneously with the Bank's own sales or purchases, the general public would have the material for a shrewd estimate of the prevailing view of the authorities.

Such a division of our gold reserves would not only be the logical extension of our existing monetary technique, but would bring with it several concrete advantages. The Exchange Equalisation Account's gold would be retained as a *masse de manœuvre*, while the Bank would be relieved of the responsibility of holding gold surplus to its needs. Large in or out payments on international account could be made without giving rise to the fear of undesirable repercussions on the internal credit situation.

Obviously, the success or otherwise of any such plan turns on whether or no the Bank and the Treasury are in their joint wisdom able to distinguish between movements that should or should not produce internal reactions. Provided they can, and do so decide rightly, it may be said that nothing is gained by going to the trouble and expense of dividing the country's reserve into two separate parts; and from the point of view of control, there is, indeed, no advantage. But there is something to be said for the view that such a separation would clarify the public mind as to the dual functions of the country's gold reserve.

Whether, however, there be one reserve or two, the important point is that it would be possible for it to fulfil two quite separate purposes and make it practicable for the authorities to deal with adjustments on international account

without necessarily interfering with internal policy and *vice versa*. If this could be achieved, it would effect a reasonable compromise between the "discipline" imposed by a return of gold and the monetary freedom of to-day. We should retain cheap money and a reasonable internal price-level, and gain international exchange stability. Admittedly, any successful return to gold would pre-suppose stabilisation by international agreement without any gross over- or under-valuation of currencies, along lines which would permit of the eventual removal of trade barriers and exchange restrictions. This wider question, however, lies beyond the scope of our present discussion.

FINANCIAL NOTES

The Fate of the Franc.—Events this week have moved fast in Paris, and are still moving as we go to press. The issue early this week of the League of Nations Economic Committee's report, with its plain hint that the "re-alignment" of the franc was essential, has had a profound effect. The French Cabinet is no longer adamant in its opposition to devaluation, and it is quite likely that a majority of Ministers are now in favour. On Wednesday, the subscription lists for the baby bond issue, which had been open since July 10th, were hurriedly closed, although only Frs. 4,000 millions had been subscribed. The Banque de France also requested the Paris banks not to allow foreign exchange positions to remain open (for the purpose of marrying dealings) even for a day, with the result that there was a temporary squeeze in the foreign exchange market, particularly in forward business. This was followed on Thursday by the abrupt raising of Bank rate from 3 to 5 per cent. This last move, in particular, appears to be in flat contradiction to the policy of cheap money announced by M. Vincent Auriol when he made his inaugural financial statement last June. No one believes that a 5 or even a 7 per cent. Bank rate will be the smallest use in saving the franc, and present appearances suggest that the French Government may well be clearing the decks for a major operation on the franc—perhaps within a very short time. The exact character and repercussion of such an operation are even to-day still a matter for speculation, but the ultimate fate of the franc has been apparent for so long that there has been plenty of time to concert measures in Paris, London and New York for the purpose of minimising any consequent disturbance. The invention and development of the technique of Exchange Funds has occurred since we ourselves took the plunge in 1931, and this is an important fact whose significance must not be overlooked. One thing, at least, we can safely say: that if the obsequies of the franc are conducted in a spirit of international financial co-operation and goodwill, the gain will not be confined to France alone.

The Foreign Exchanges.—The uncertain fate of the franc, discussed in the previous note, imparted considerable activity to the London foreign exchange market, particularly in the middle of the week. Spot francs, though consistently supported by the British Control, weakened at one time to over Frs. 77, but on Thursday afternoon were brought back to Frs. 76½. Forward francs were freely offered with no takers, one month's francs being nominally Frs. 3½ discount (or 55 per cent. per annum), and three months' francs being Frs. 7½ discount (or 39 per cent. per annum). The wider discount on the nearer position is particularly ominous. The franc has remained fixed at the export gold point against the dollar, and gold has continued to go to New York. The franc has also been at the export gold point against the other gold *bloc* countries, but these in their turn have been weak, with the guilder quoted at the export gold point against the dollar. Early on Thursday morning the New York spot rate stood at \$5.07½ against the pound, but later in the day it came back to \$5.06½. Three months' dollars were a strong market at ½ cent premium, this again being due to pressure from

the gold *bloc* countries. The London market is already discussing what will happen to the pound-dollar rate when the expected break in the franc occurs. The Banque de France return for September 18th shows further gold losses of Frs. 840 millions, reducing the Banque's gold to Frs. 52,692 millions. There was a net increase of Frs. 400 millions in Government borrowing at the Bank. This week's imports of gold from France into England amount to £3.2 millions.

The Money Market.—The Treasury Bill Tender of September 18th, for bills to be paid for this week, was complicated by the fact that the bills mature in Christmas week. In particular, bills paid for on Saturday, September 26th, do not fall due until Monday, December 28th, and so are a 93-day maturity. This fact induced the market to apply mainly for Saturday bills, with the result that during most of the week the Government was disbursing funds against maturing Treasuries and receiving very little in return. This made money very easy during most of the week. It was reported that a certain amount of money was borrowed for re-lending to the Stock Exchange, possibly to finance the big bull position in the gilt-edged market.

	Sept. 3, 1936	Sept. 10, 1936	Sept. 17, 1936	Sept. 24, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short loan rate:—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	1	1	1	1
Discount rates:—				
Treasury bills	1-1	1-1	1-1	1-1
Three months' bank bills	1-1	1-1	1-1	1-1

* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral respectively.

The banks were buying Saturday's bills forward during most of the week at their minimum rate of ½ per cent. One million pounds of Liverpool yearling bills were issued during the week at an average rate of 12s. 6.00d. per cent. It is not known who took them, for the market tendered mainly at 1½ and 2 per cent., on the ground that the clearing banks would only lend against them at 1 per cent., so that they would have to be carried on "outside" money.

The Bank Return.—This week the circulation is almost unchanged, and comparison with past years suggests that there has not been much additional French hoarding. The Bank has continued to buy gold, and so there is a slight increase in the Reserve.

	Sept. 25, 1935	Sept. 2, 1936	Sept. 9, 1936	Sept. 16, 1936	Sept. 23, 1936
BANK OF ENGLAND					
£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	193.6	245.4	246.5	246.8	247.6
Note circulation	398.2	445.8	445.6	444.9	445.1
Banking Department:—					
Reserve	56.2	60.7	62.0	63.1	63.6
Public deposits	19.5	18.1	20.4	14.8	10.4
Bankers' deposits	87.2	101.1	99.8	102.2	108.0
Other deposits	39.0	38.8	37.8	38.7	38.8
Government securities ...	83.2	85.7	83.5	81.6	83.7
Discounts and advances... 12.4	10.6	10.5	9.2	7.9	
Other securities	12.2	19.1	20.1	20.1	20.3
Proportion	38.5%	38.4%	39.2%	40.5%	40.4%

The absence of Treasury bill payments during the early part of the week explains the reduction in public deposits and the increase in bankers' deposits. It may also explain the week's increase in Government securities, for the Treasury must have been temporarily short of funds, and so may have had to borrow from the Bank on Ways and Means. All these movements are quite small, but they have sufficed to raise bankers' deposits temporarily to the high level of £108 millions. A recession is likely next week, as the market will pay for its Treasury bills in the early part of the week so as to secure December maturities.

THE STOCK EXCHANGE

INVESTMENT TRUST GROUPS

THE fortunes of a movement which comprises over 200 companies, with a combined capital of some £300 millions, are of moment to many British investors. Apparently, they are also a matter of keen interest to the Securities and Exchange Commission in Washington. The Commission has recently entered upon an investigation of American investment trust practice, and has armed itself (like many New York houses) with detailed information concerning the British investment trust movement. At many points the objectives of the British and American movements diverge, and the present article may serve a useful purpose by giving an outline of British methods and organisation. The development of the movement in Great Britain has been evolutionary. Several trusts have sixty years to their jubilee. In the course of their development many trusts have become linked together in compact groups, or more loosely associated through directorial connections. Successful management of trust funds through a world war and two major economic crises has bestowed a prestige upon numerous British groups which has never been achieved in the United States. It has been suggested, further, that problems of efficient management limit the size of individual trusts, so that managers prefer to expand their activities through the formation of new trusts rather than increase the size of their existing trusts. Some authorities regard a fund of £2 millions as the optimum, affording a portfolio of, say, 700 holdings with an average amount of £3,000 each. There may, of course, be advantages to

promoters in the formation of new trusts, but the latter offer the advantage that a greater—or at least different—degree of diversification can be obtained.

There are, therefore, sound investment reasons why the British investment trust movement has tended to develop along "group" lines. In view of contemporary American interest, we have prepared an analysis showing the main features of this grouping. It should be understood that the trusts are linked, not through cross-holding of capital (a most unusual feature in the movement), but through attachment to a common management or association with investment or merchant banking firms. Our table, therefore, groups the trusts under the firm responsible for their management, or under the name of a leading personality whose influence has been decisive in their development. The list is not exhaustive, and there are a number of border-line cases where, e.g., directors are common to more than one group. Any allocation must therefore be to some extent arbitrary.

The total debenture and share capital of the eleven English and eight Scottish groups shown in our table amounts to £208.2 millions. The 120 trusts included represent some 60 per cent. of the total number and control over 70 per cent. of the movement's total capital. The English groups contribute £127.5 millions to the total (including £20.3 millions for trusts associated with merchant banking or finance houses), while the Scottish groups—which usually command smaller resources than the English groups—contribute £80.7 millions. These respec-

INVESTMENT TRUST GROUPING

Group and Trusts	Total Deb. and Share Cap.	Group and Trusts	Total Deb. and Share Cap.	Group and Trusts	Total Deb. and Share Cap.
I.—LONDON COMPANIES					
"St. David's" Group	0.4	LONDON COMPANIES—continued	£ mn.	ENGLISH TRUSTS UNDER MERCHANT BANK AUSPICES—continued	£ mn.
City and Foreign	1.4	Foreign Am. and General*	3.5	"Samuel" Group	1.3
Consolidated	3.0	Foreign and Colonial Investment* ..	3.0	Nineteen Twenty Eight*	1.0
Government & Gen.	0.3		20.0	Nineteen Twenty Nine*	2.3
Government Stock*	2.1	"Sir Miles Matheson" Group	0.3	III.—SCOTTISH TRUSTS	
International Fin. Soc.	1.0	London and Colonial*	1.0	"Brown, Fleming and Murray" Group	
London Overseas	0.5	London and New York*	0.3	(a) Glasgow Offices:—	
Nat'l Dominion & Gen.*	0.3	New*	6.5	Clydesdale	2.0
New York & Gen.*	1.2	Mercantile*	1.8	Sec. Clydesdale	0.9
Municipal*	0.8	Second Mercantile*	0.3	Caledonian	2.2
Omnium*	2.5	Imperial Colonial*	1.9	Sec. Caledonian	1.0
Premier	3.0	U.S. and S. America*	0.4	Third Caledonian	2.1
Second Consolidated	2.0	Brewery and Commercial	1.1	Scottish Western	2.0
Union Commercial	1.1	London General	13.4	Second Scottish Western	1.4
Colonial Securities†	0.5			(b) London Offices:—	
London Maritime†	1.0	"Shepherd-Wynn" Group	2.0	London and Holyrood	2.5
	21.1	Anglo-American Debenture	2.6	London and Provincial	1.2
"Industrial & General" Group		Railway Debenture and General* ..	2.1	London and Clydesdale	1.0
Atlas Elec. & Gen.	6.8	Railway Share Trust*	6.7	Capital and National	1.0
Cedar	1.0			Railway and General	19.7
City National	0.2	II.—ENGLISH TRUSTS UNDER MERCHANT BANK AUSPICES		"Grahams, Rintoul, Hay, Bell" Group	
Continental Union	1.2	"E. De Stein" Group		(a) Glasgow Offices:—	
Industrial & General*	6.0	Anglo-Celtic*	1.8	Glasgow Stockholders	1.4
Sec. Industrial*	1.7	Second Anglo-Celtic*	0.7	Scottish National	2.0
Sphere	1.3	British Combined Investment* ..	1.7	Second Scottish National	1.5
Trust Union*	2.8	Romney*	0.8	Third Scottish National	3.3
Trustees' Corporation	3.2		5.0	Camperdown	1.5
Debtenture Corporation	25.7			British Canadian	0.6
"Robert Benson" Group					9.1
English and New York	1.4	"Erlangers" Group	1.6	"Brander and Cruickshank" Group	
Merchants*	3.3	General Consolidated	4.2	(Aberdeen)	
Traction and General	2.0	Sterling*	5.8	Aberdeen, Edinburgh and London ..	0.6
Charter Trust and Agency	1.3			Aberdeen, Ceylon and East	0.3
Investment Trust Corporation†	7.1	"Robert Fleming" Group	4.2	Aberdeen	0.7
Metropolitan†	2.5	British Steamship	0.9		1.6
U.S. and General†	2.7	Second British Steamship	5.1	"Paul and Williamsons" Group	
"Stockholders" Group				(Aberdeen)	
Lake View*	1.8			Scottish Northern	1.4
Southern Stockholders*	1.5	"Hambros" Group	0.8	Second Scottish Northern	1.2
London Stockholders*	0.7	Hambro Trust	1.3	Third Scottish Northern	1.0
Scottish Stockholders*	0.9	Hellenic and General	2.1		3.6
Stockholders Invest.*	1.4				
Lon. Border and General*	2.4				
Alliance Investment	1.3				
American Investment and General*	3.5				

* These companies publish a list of investments. † Associated Companies. ‡ In association with Robert Fleming and Company. § Robert Fleming and Company act as London correspondents for all trusts in Brown, Fleming & Murray Group, with the exception of Capital and National, and Railway and General, and for Moody, Stuart and Robinson Group, except for Camperdown and British and Canadian.

tive proportions of 61 to 39 are virtually identical with the division of the movement's total capital between the English and Scottish trusts, which was analysed in a special survey published with the *Economist* of December 1, 1934.

Historically, the development of the movement has been somewhat different north and south of the Border. In London, the movement owes much of its prestige to the pioneer work of such leading personalities—among many others—as the late Sir George Touche, Viscount St. Davids and Sir Miles Mattinson. The Scottish movement can also claim an impressive gallery of well-known figures, including the late Mr Robert Fleming, and, to-day, Mr T. J. Carlyle Gifford, Sir J. T. Cargill, Mr R. A. Murray and Mr. R. G. Simpson. But whereas the English movement owes much to a rather specialised type of financial management, which has left its imprint upon the portfolios of a fair number of semi-specialised trusts, the Scottish movement has founded its success on a more generalised investment *expertise*. This may be ascribed to the professional training of typical Scottish managements, many of whom are accountancy firms or Writers to the Signet. It is evident that separation by 400 miles from the world's largest financial centre is not necessarily disadvantageous, but several Scottish groups now include trusts with London offices.

The largest group, numerically, is the "St. Davids" group. Measured by issued capital, however, the "Industrial and General," or "Touche," group takes precedence with a total of £25.7 millions, compared with £21.1 millions for the "St. Davids" companies. Both are fairly compact groups, whereas the "Benson" group is associated with Robert Fleming and Company in the management of three trusts grouped under its name. An example of further inter-relationship is shown by the appearance of Viscount St. Davids on the board of the Metropolitan Trust. Including the "Stockholders'" group, it is possible to distinguish four English investment trust groups, each in command of £20 millions of capital or more, with between seven and sixteen individual trusts under their influence. The important "Mattinson" group comprises nine trusts, including the Mercantile, but some of its remaining trusts, although they date from the 'nineties, are of less than the average size.

American inquirers have evinced keen interest in the relations of the movement with Stock Exchange houses and banking institutions. Here, however, comparison with trans-Atlantic conditions breaks down. Some investment trust companies certainly include members of the Stock Exchange and banking communities upon their boards. But no specific instance is on record of the creation and control of an investment trust as an auxiliary institution to an existing Stock Exchange or money market firm. On the other hand, certain specialised institutions are definitely concerned with the movement, and their main interests are shown under Section II of our table. Of all British trusts they are most akin to the American trusts in organisation, though not in general policy and financial results.

Such associations play no part in the Scottish movement. Here, the largest group is associated with the accountancy firm of Brown, Fleming and Murray, who act as secretaries to thirteen trusts, with a total capital of £19.7 millions. Eight of these trusts are Scottish registrations, under the chairmanship of Sir J. T. Cargill. The "Baillie and Gifford" group is associated, through directorship and secretarial services, with nine trusts, and provides an example of successful legal penetration into investment fields. Grahams, Rintoul, Hay, Bell and Company, the Glasgow chartered accountants, have seven trusts under their secretaryship, while Layton-Bennett, Chiene and Tait, an Edinburgh firm in the same profession, performs similar duties for a comparable group in that city. There is much more *localisation* of investment trust management in Scotland than in England, and the influence of secretarial firms upon policy has undoubtedly been important.

Generalisation may be as dangerous in the financial as in the historical field. Both the English and the Scottish group managers have followed the same fundamental principles of investment for income rather than capital profits, steady ploughing-back of earnings, the issue of debenture, preference and somewhat "highly-g geared" ordinary capital, and, in the past, the placing of a substantial pro-

portion of their resources in foreign investments. The system of grouping shown in our table, however, will repay careful examination. For the essential feature of investment trust practice is that directors ask for, and receive, the equivalent, within wide limits, of a blank cheque from investors. In the long run, the real security for investment trust stockholders is the experience, acumen and good faith of the men in control.

INVESTMENT NOTES

Autumn Investment Prospects.—The London County Council has this week produced an autumn crocus, in the shape of a loan of £10 millions in 3 per cent. stock, issued at 99, with a life of 20 to 25 years. The terms are very different from the offer of £10 millions of 2½ per cent. stock at par, with a life of 25 to 35 years, made in conversion of L.C.C. 3½ per cent. stock, in the cold winds of January, 1935. That loan was left largely with underwriters; it caused a complete shutting down of the corporation loan market for five months, and it has remained at a substantial discount on its issue price to this day. It is doubtless an ungrateful task for the biggest county borrower in the country to submit to the yoke of official control. But in the interim, "management" of gilt-edged issue prices has strengthened, and it was clear that if the L.C.C. were to pocket the money, it must also pocket its pride. There is considerable speculation whether the loan is a *ballon d'essai* for a possible early Government issue, either for re-armament or for funding. The market has been well "prepared" (as we showed in a Note on September 5th, page 441); the amount of the L.C.C. loan is sufficiently large to afford a test of digestive capacity; and it mainly represents new money, especially for housing. The question whether, when or how the Treasury wishes to come down to market-place again, however, is of lesser moment than the fact that, whatever may betide, the authorities are determined that cheap money shall endure. This decision, and the means taken to implement it, directly affect the investor in equity shares no less than in gilt-edged securities. It is more than possible that coming months will decide whether, in fact, the trade cycle, and all the far-reaching phenomena associated with it, have become an anachronism under a "managed economy." Industry has reached a high pitch of activity, and the review given in our *Trade Supplement* this week shows that some of the phenomena associated with the "boom" phase of a normal cycle—rising prices and wage costs, shortage of skilled labour, etc.—are beginning to appear. Stock Exchange values have had a long and substantial rise. They are highest, to-day, in those capital-producing industries whose activity cannot be indefinitely prolonged, once the present active demand (including that arising from the re-armament programme) has been satisfied. If, indeed, the Government can do what Mrs Partington failed to do, then the ultimate phenomena of a boom—rising interest rates leading to a decisive check to industrial activity—will not eventuate. If, however, the uneasy conviction of many of the more influential and conservative sections of market opinion is correct, and the squared circle, like the squared circle, remains an unachieved ideal, then it is probable that investors, after a possible but limited further advance in security prices, will become increasingly concerned with the question of judiciously "cashing in" their profits during the next few months.

A Unit Trust Portent?—The formation of British Empire First Unit Trust is of particular interest, since it is the first trust to offer new units since the publication of the Board of Trade Committee's report on the movement in August. The managers—a company with the significant capital of £25,000—deserve credit for adopting the Committee's general recommendations, although many months must elapse before their enactment. In view of the surprisingly detailed public interest in the report, however, this policy may well meet with success. The Trust, like

recent flexible issues, has a very large range of permitted investments, to which other companies may be added under specified conditions. Profits arising from adjustment of quotations (though not from re-sale of sub-units) will ensure for the benefit of the Trust, and not of the managers, whose initial service charge will be 2½ per cent., with a half-yearly management fee of 1/10th of one per cent. of the average value of the Trust investments. The Trustees receive 1/4 of one per cent. from the initial charge, and the same half-yearly percentage from income as the managers. Purchasers will therefore pay 2½ per cent. initially, and approximately 1/4 of one per cent. annually. The initial service charge may seem low in relation to a 25-year life, but commission on purchase is payable by the applicant to his broker. Trust income accounts, sub-unit dealings accounts and the balance sheet and profit and loss account of the management company will be available to unit holders. The duties of the trustees—and the limitations which apply to them—are set out in detail. If this formation should prove a prototype for future trusts, both in its method of operation and its publicity, the delay between the Committee's Report and its possible enactment will not be devoid of improvement. It remains for the management to prove its capacity in achieving a consistent return of 4 per cent. during a period which may span three economic cycles. The Trust, like recent flexible units, makes no specific reference to the treatment of underlying securities bought *cum* dividend, whose subsequent sale would enable the Trust to show an inflated yield. Provisions against such practices have already been adopted by certain flexible trusts, and should be common form. Similarly, the question of jobbing profits (and losses) receives no specific mention in the booklet. Possibly, this is a matter on which the managers prefer to await the possibility of legislation. It has recently been suggested that the solution of the jobbing problem, for which the Board of Trade Committee suggested the lime-light of publicity, might be to credit the Trust with all such profits, and compensate the managers by a somewhat higher loading charge. Unfortunately, this would involve unit-holders in a fixed payment for a contingent return. The benefit, or otherwise, of operating in underlying securities is not fundamentally part of the unit-holder's equity, and if jobbing profits are, on the whole, merely sufficient to ensure reasonable earnings for the managers (which publicity would immediately disclose) both unit-holders and managers are probably best served. If abnormally high jobbing profits arise from special attention to market operations on the part of trust managers, they might cease altogether if diverted to the unit-holder, whereas they could be reasonably controlled through publicity.

Central Selling and Coal Shares.—The first results of the Lancashire and Cheshire coal scheme, covering only six months of actual working, throw interesting light on the prospects for coal shares, discussed on page 482 of the *Economist*, of September 12th. After charging depreciation and other expenses, Lancashire Associated Collieries shows a balance of £206,779, out of which it is proposed to distribute £195,587, or 4d. per ton of annual basic supply, to the owners in the scheme. Some £244,000 has already been disbursed in increased purchase prices, equal to a further 5d. per ton. The implications of this scheme for collieries in other districts are evidently considerable. Initially, difficulties and adjustments, such as the chairman described to members of Lancashire Associated Collieries, may prove considerable. In the present instance, the trade percentages of the various collieries were fixed as early as 1934, and changes in quality involved the special fixing of provisional purchase prices. Nor did the chairman lose sight of the importance of meeting the consumers' preference for quality, if not price. The results of such schemes, which are to be introduced in other districts, may tend to accentuate, rather than diminish, the relative prosperity of different areas. Such schemes will obviously afford little help to the coastal areas, interested mainly in export trade. But distinctly satisfactory results for the collieries, may be achieved in inland districts producing for a domestic market. Such areas are already showing good profits in response to recovery and higher

BRITISH EMPIRE FIRST UNIT TRUST

Adopting the recommendations
of the Government Committee's
Report

BRITISH EMPIRE GROUP

announce the formation of Unit Trusts Limited to sponsor the issue of British Empire First Unit Trust. This Trust complies with the recommendations (so far as they can be adopted pending legislation) set out in the Government Committee's report.

Among the provisions so adopted are:

1. Full accounts of the Management Company will be available to Certificate Holders.
2. Certificate Holders will be entitled to convene meetings to consider the affairs of the Trust.
3. Certificate Holders will have the power at such meetings to appoint the Auditors.
4. Meetings of Certificate Holders can give directions to the Managers as to Voting Rights on underlying securities.

The investments of the Trust Fund will be selected from a permitted list of over 400 companies covering a wide field of enterprise throughout the Empire.

Within this limit the Trust is fully flexible with the reservations that not more than 5% of the Trust Fund may be invested in the securities of any one company, and not more than 2½% of any class of stock and/or shares of any particular company may be held by the Trust.

Sums from £50 upwards may be invested.

An explanatory booklet containing the full information as required by the Government Committee can be obtained from any Bank or Stockbroker, from the Custodian Trustees, LLOYDS BANK LIMITED, or from the Managers

UNIT TRUSTS LTD.
116 Old Broad Street, London, E.C.2

London,
23rd September, 1936.

supposition that the new company will do reasonably well. If all the shareholders made the exchange, the present proprietors of Bengal preference would hold more than 10 per cent. of the equity, and the Bengal ordinary shareholders about 30 per cent. of the equity in the joint concern. For the last eleven years the two companies have been closely associated, but the existence of a profit-sharing agreement has, paradoxically, limited the inclination of both to launch out into new fields, particularly that of steel manufacture, since half the profit on any venture by either company would have automatically gone to the other concern. The amalgamation is the prelude to the erection, in conjunction with the Indian company's blast furnaces at Hirapar, of a new steel works with an initial capacity of 250,000 tons. The largest Indian iron and steel interests are behind the venture, and its successful financing appears assured. Both companies passed through a difficult period during the depression, but have increased their earning power recently. The future depends on continued expansion of demand for steel products in the protected Indian market. Under the new political regime in India, the company's tactical position is likely to be strengthened rather than weakened, but India's prosperity, in the last resort, is not independent of external factors.

* * *

Initial Services Report.—Since 1933 the revenues of this concern have shown considerable expansion. Recovery has involved increased staffs in offices (which are supplied with toilet and refreshment services by the company) and the natural "saturation point" of the company's business has not yet been reached in many centres. The past year's profits, accordingly, show a new record level of £254,428, a satisfactory result, though it does not maintain the sharp advance of the previous year. The report discloses, in fact, a slight decline in the aggregate profits of the company and its subsidiaries, to £267,006, although this fall is attributed to expenditure on plant written off. The following analysis of profits shows the effect of last year's 200 per cent. increase in capital, on which 25 per cent. has been paid (where ranking) compared with 50 per cent. in the previous year:—

	Years to June 30th		
	1934	1935	1936
Total income	226,929	245,881	254,428
Fees	1,874	1,913	2,187
Depreciation	5,263	5,580	6,765
Taxation	51,423	45,298	42,152
Preference dividend	32,000	32,000	32,000
Ordinary shares:—			
Earned	136,369	161,090	171,324
Paid	86,250	87,188	123,281
Earned %	79.1	92.4	34.7
Paid %	50	50*	25
Reserves, etc.	45,000	50,000†	50,000
Carried forward	20,154	19,056	13,330‡
Ordinary capital	225,000	225,000	675,000

* And capital bonus 100 per cent. † Of which £10,000 reserve and £40,000 written off goodwill. ‡ After writing off £3,769 new issue expenses.

Shareholders may reasonably anticipate the maintenance of the present rate in the coming year. The chairman has previously declared that subsidiary companies' profits may justifiably be drawn upon to a greater extent than in the past, and the current rates of payment are very comfortably covered by earnings. It may be presumed, further, that the fructification of increased investments in subsidiaries, coupled with the successful utilisation of the generous floating resources with which the company is armed, should maintain the upward trend of earnings for some time to come. The 5s. shares, quoted at 31s. 10d. to yield £3 18s. 6d. per cent., discount some further expansion in disclosed profits, either from "policy" or increased earnings, or both.

* * *

Qualcast Profits.—The feature of Qualcast reports during the past three years is the steady expansion of profits to a highly satisfactory level. The company is a specialist in light iron and steel castings, and supplies a wide range

of consumers, from industrialists to amateur gardeners. The latest accounts show a record total profit of £49,817, for a year during which the company handled the largest turnover in its history. The dividend policy, however, remains conservative, and, as in the two preceding years, the equivalent of 10 per cent. on the ordinary capital is "ploughed back" into the business out of profits:—

	Years to June 30th		
	1934	1935	1936
Profit	44,112	45,240	49,817
Directors' fees, staff bonus, and tax.....	11,572	12,054	17,504
Preference dividend	4,003	4,069	4,036
Ordinary shares:—			
Earned	28,537	29,117	28,277
Paid	19,219	19,375	19,141
Earned %	29.7	30.1	29.5
Paid %	20	20	20

Carried forward 38,036 47,778 56,914

The general impression from the balance sheet is satisfactory. Changes during the past year have not been substantial, apart from the disappearance of a temporary bank loan. There is adequate provision for maintaining the present volume of business, and present indications are favourable. Two points emerged from the chairman's speech on Tuesday. First, the Australian subsidiary has been remitting profits for some time, and achieved a production record last year. Secondly, the new steel foundry, which commenced operations a year ago, should contribute its first profits during the current year. The chairman hinted fairly clearly at the possibility of a higher distribution in the near future. The company's past success and satisfactory prospects suggest that the 5s. ordinary shares at 24s. 3d. are reasonably valued to yield £4 2s. 6d. per cent.

* * *

Second Alliance Meeting.—Investment trust chairmen, both by training and inclination, are accustomed to be cautious in their pronouncements to shareholders. Mr James Prain's speech at the Second Alliance meeting this week was the more significant for the marked optimism of its references to the economic position both of this country and America. Recovery has produced a satisfactory appreciation in the investment portfolio of the Trust, and has yielded as much as £10,500 during the past year from fixed-interest securities which have resumed interest payments under more prosperous conditions. In the chairman's view, there is widely prevalent confidence throughout the business community to-day, which frequently provides its own justification in tangible economic progress. The recent movement in employment, the effect of increased purchasing power, the adequacy of funds awaiting investment, and continued activity in housing, combined to encourage him to take a hopeful view of the prospect—politics, as always, apart. Equally important was Mr Prain's contribution to the chorus of confident prophecy over the position in the United States, where the Trust has 18.5 per cent. of its funds. The Trust is well placed to take advantage of the prospects of further recovery in this country, the Empire and the United States, for 76 per cent. of its investments are placed in these areas, while 38 per cent. of its total portfolio is in equities.

* * *

Modderfontein East.—The latest accounts, writes our Mining correspondent, tend to modify the interpretation of the company's recent dividend record. The company paid 20 per cent. for four years to June, 1932, and the rate has since shown a progressive increase, despite only moderate expansion in earnings in the period. The increased distributions arise chiefly from reduced amounts required for taxation. For the year ended June last, taxation and consideration for mineral leases absorbed no more than £239,330, against approximately £328,000 for the two preceding years. This was partially offset by an increase in capital expenditure to £66,300 against £43,100 for 1934-35. The increased capacity of the treatment plant has permitted the milling of lower-grade ore at reduced costs. Average revenue, therefore, fell to 29s. 9d. against 31s. 1d.,

but costs were reduced from 20s. 8d. to 19s. 2d. per ton. Although the profit per ton was lower at 10s. 7d., total operating surplus showed a modest increase as set out below:—

Year to	Working Profit	Dividends Amount	%	Carried Forward	Ore Reserves Quantity Tons	Value Dwt.
June, 1934...	606,550	232,700	25	151,950	4,186,100	4.7
June, 1935...	615,220	255,970	27½	132,820	5,142,300	4.7
June, 1936...	626,910	290,880	31½	157,610	5,514,300	4.6

The ore developed during the past year, at 1,448,400 tons, was 202,510 tons lower than in the previous year, but it substantially exceeded the quantity of material taken out of the mine. Hence the increase in the available ore reserves which represent about four years' supply. The report of the consulting engineer suggests that development work during the current year may prove somewhat less fruitful. During recent months earnings have displayed a slight reduction, which may be remedied when the tube mills now in course of erection come into use. On the basis of last year's dividend, the shares yield nearly 7 per cent.

* * *

Other Company Results.—An analysis of the reports of 33 other companies appears on page 585. Though a large debit balance is still carried forward, the profits of Bengal Iron (whose scheme is discussed on page 571) show a distinct improvement from £5,581 to £49,874. *Carrier Engineering*, who make air-conditioning plants, have earned £49,925 for the first year as a public company and pay 50 per cent. Although strictly comparable accounts are not available, this appears to be a good improvement. A four months' stoppage at the Barnboro' Pits is the main cause for the decline in net profits of *Manvers Main Collieries* from £103,784 to £65,898. *Bajoe Kidol Rubber* has earned only £3,359, against £12,913, but good progress is reported regarding the elimination of uneconomic coffee. In contrast *Tandjong Rubber* has declared a doubled dividend and more than doubled profits. Among British concerns, *Prices Tailors* report a very substantial improvement in profits, from £302,500 to £399,970. Little change is indicated in the *J. Hepworth* accounts, although profits at £83,094 are some £3,300 higher. *Kirklees* are paying a 4 per cent. dividend, against 3 per cent., having earned £27,768 against £25,021. Although *Allied Industrial Services* report expanding business, the apparent increase in profits from £58,442 to £93,088 is largely attributable to the surrender of rights to commission by the managing directors. *General Theatre Corporation* reports improved results, permitting a distribution of 12 per cent. on the preferred ordinary shares. The accounts show the new capital structure after giving effect to the reorganisation scheme. Further expansion by *Serck Radiators* is indicated by the considerable increase in profits from £27,819 to £39,859. In a preliminary announcement, *Atkinson-Oates*, the South African motor dealers, report profits of £388,154, against £323,063, and are paying 60 per cent. as compared with 46½ per cent., the general reserve allocation being halved. *Trinidad Leaseholds* are paying the substantially increased dividend of 25 per cent., against 17½ per cent., and are to make a new issue on bonus terms. *Debenhams'* full report shows a profit of £706,446, against £654,928.

Indians were a little firmer. The bond market has been relatively quiet, with an improvement in German and in French issues on M. Blum's speech, and a weakening in Far Eastern bonds on the latest Japanese intervention in China. South American issues were firm, and Brazilians attracted considerable support.

Home rails have done very well, particularly "Brums," although Great Western suffered from profit-taking. The traffics were moderately good, but most prices were lower in mid-week. Mersey were bought on rumours of purchase by L.M.S. Argentine issues were prominent in the foreign rails market on expectations that the Co-ordination Bill will be passed, and on hopes of a good crop.

The industrial share market opened the account well, but tailed off toward mid-week in many sections, the slackening in interest being attributed to the troubles of the franc, and to a slight extent to the weakening on Wall Street. The iron and steel section was not very bright despite good trade activity, but several shares were bought in anticipation of favourable reports at forthcoming meetings. Coal shares were much better this week, in the hope of benefits to come from centralised selling schemes, and Hilton Main were prominent. Standard gained in the motor section on dividend hopes, but were subjected later to profit-taking, and the whole section became rather irregular. Similar conditions, of firmness giving way to irregularity, prevailed in the aircraft section. Electrical equipment issues attracted new support, particularly Crompton Parkinson. There were no outstanding features in the stores and textile groups. Shipping shares became more attractive on encouraging trading reports, and continued to improve through the week. Tobacco and Brewery issues held their ground.

There were several good features in the miscellaneous industrial market when the week opened, but later the section became irregular and most prices were lower. *Carrier Engineering* were an exception, along with other miscellaneous engineering securities. Triplex were firm on the promising outlook for the safety-glass industry.

Business in the oil shares market became active on the news of Trinidad Leasehold's dividend and the new capital issue to shareholders, and prices generally advanced. Anglo-Ecuadorian were a good feature on hopes of an increased dividend. American news helped the market, and continental support encouraged prices further. In mid-week activity died down, and prices became irregular. Royal Dutch were an exception, and continued to improve. Business in the tea shares market was as dull as ever, but there were slight signs of a very modest revival of interest in the rubber shares market, with no particular justification.

The Kaffir market has been as quiet this week as last, and such gains as were recorded by mid-week were being lost as fears of franc devaluation once more became prevalent. At the start the principal item of interest was the publication of particulars of the new issue by West Witwatersrand, and later the new Anglo-American Investment Trust was favoured. Most prices were on the down grade by mid-week. The West African department was very idle, but the tone was firm, until mid-week when prices were generally marked down. Rhodesian copper issues have continued to attract attention on the sound position of the commodity, while tin shares were irregular on the uncertain outlook for the restriction scheme.

Business on the Paris Bourse has been good, and fears of the currency devaluation did not affect price movements. The Berlin Bourse found more uncertain conditions, but there were several bright spots, particularly in banking and industrial issues. Good gains were registered by a number of issues at Amsterdam, particularly Royal Dutch.

"FINANCIAL NEWS" DAILY BARGAIN INDEX Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Sept. 18	Sept. 17	Sept. 18	Sept. 21	Sept. 22	Sept. 23	Sept. 24
Govt. and Municipal	5,175	1,049	1,068	1,262	1,078	1,040	967
Transport, etc.....	4,751	987	988	1,206	1,086	1,128	1,036
Comm. and Ind.*.....	23,315	4,444	5,183	5,637	5,324	5,112	5,004
Banks and Ins.....	2,596	508	519	665	558	596	545
Mines.....	5,666	1,005	1,463	1,168	1,177	1,070	1,097
Oils.....	1,253	235	311	257	352	270	225
Rubber and Tea...	1,088	213	170	305	200	205	283
Total.....	43,842	8,441	9,700	10,500	9,775	9,421	9,157
Corres. day 1935...	...	8,525	6,519	7,824	6,939	7,401	7,422

* Including Steels and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY SHARES. (July 1, 1935 = 100)

Highest†	Lowest†	Sept. 17	Sept. 18	Sept. 21	Sept. 22	Sept. 23	Sept. 24
120.9	107.4	118.0	118.3	118.7	119.1	119.0	119.0

† September 8. † January 2.

(Continued on page 576)

THE WEEK IN THE MARKETS THE STOCK EXCHANGE

TICKET OCTOBER 6 | ACCOUNT OCTOBER 8

The new account opened well in the stock markets, with domestic news exerting much more influence than foreign political developments, although conditions tended to become poorer in mid-week. The gilt-edged market was strong at the opening, but the new L.C.C. issue provoked a little selling for switching purposes, and renewed expectations of a franc devaluation kept the market rather unsettled. Old Consols and Local Loans were weaker, but Funding issues held their ground. A similar situation developed in Home Corporation issues, but the success of the L.C.C. issue induced a recovery. Australians were still in favour among Dominion issues and

LONDON ACTIVE SECURITY PRICES AND YIELDS

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1935				Prices, Year 1936 Jan. 1 to Sept. 23, inclusive				Name of Security	Price, Sept. 16, 1936	Price, Sept. 23, 1936	Rise or Fall	Yield Sept. 23, 1936	Prices, Year 1936 Jan. 1 to Sept. 23, inclusive				Name of Security	Price, Sept. 16, 1936	Price, Sept. 23, 1936	Rise or Fall	Yield Sept. 23, 1936
High	Low	High	Low	High	Low	(a)	(b)						(c)								
94 1/2	80	87 1/2	83 1/2	British Funds				85	86	+1	2 1/2	45/6	35/-	5(a)	5(b)	Bank of N. Zealand (1	35/-	35/-	...	2 1/2	
118 1/2	101	108 1/2	104 1/2	Do. 4% Red. at par on or after Feb. 1957 (a)				115	115 1/2	+	2 1/2	38 1/2	27 1/2	6(a)	6(b)	Bank of England Stk.	38 1/2	38 1/2	+1	3 1/2	
103 1/2	97 1/2	102 1/2	100 1/2	Conversa. 2 1/2% 1944-49				101	101 1/2	+	2 1/2	48 1/2	37 1/2	7(a)	7(b)	Barclay B. (2 1/2)	48 1/2	48 1/2	-6d	3 1/2	
107 1/2	100 1/2	105 1/2	103 1/2	Do. 3% 1948-53				104	104 1/2	...	2 1/2	43 1/2	37 1/2	8(a)	8(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
112 1/2	100 1/2	108 1/2	104 1/2	Do. 3 1/2% after 1961 (5)				107 1/2	108	+	2 1/2	43 1/2	37 1/2	9(a)	9(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
114 1/2	108 1/2	111 1/2	108 1/2	Do. 4 1/2% 1940-44				109 1/2	109 1/2	+	2 1/2	43 1/2	37 1/2	10(a)	10(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
124 1/2	115 1/2	121 1/2	117 1/2	Funding 3% 1956-61				119 1/2	119 1/2	+	2 1/2	43 1/2	37 1/2	11(a)	11(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
106 1/2	98 1/2	104 1/2	102 1/2	Funding 3% 1959-69				102 1/2	102 1/2	...	2 1/2	43 1/2	37 1/2	12(a)	12(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
121 1/2	111 1/2	119 1/2	116 1/2	Funding 4% 1960-90				118 1/2	118 1/2	...	2 1/2	43 1/2	37 1/2	13(a)	13(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
110 1/2	101 1/2	108 1/2	104 1/2	Victory Bonds 4 1/2%				115 1/2	115 1/2	+	2 1/2	43 1/2	37 1/2	14(a)	14(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
108 1/2	99 1/2	107 1/2	104 1/2	WarLns 4 1/2% after 1952 (p)				107 1/2	108	+	2 1/2	43 1/2	37 1/2	15(a)	15(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
104 1/2	98 1/2	103 1/2	101 1/2	Local Loans 3%				97 1/2	97 1/2	...	2 1/2	43 1/2	37 1/2	16(a)	16(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
100 1/2	90 1/2	100 1/2	96 1/2	Austria 3% 1935-53				102 1/2	102 1/2	...	2 1/2	43 1/2	37 1/2	17(a)	17(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
119 1/2	112 1/2	120 1/2	116 1/2	India 2 1/2%				119 1/2	119 1/2	+	2 1/2	43 1/2	37 1/2	18(a)	18(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
108 1/2	105 1/2	107 1/2	105 1/2	Do. 3 1/2%				109 1/2	109 1/2	+	2 1/2	43 1/2	37 1/2	19(a)	19(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
113 1/2	106 1/2	112 1/2	109 1/2	U.K. & Arg. 4% A (1947)				105 1/2	105 1/2	...	2 1/2	43 1/2	37 1/2	20(a)	20(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
108 1/2	100 1/2	106 1/2	102 1/2	Dom. & Colonial Govts.				105 1/2	105 1/2	...	2 1/2	43 1/2	37 1/2	21(a)	21(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
119 1/2	112 1/2	120 1/2	116 1/2	Australia 5% 1945-75				111 1/2	112	+1	3 1/2	500	468 1/2	22(a)	22(b)	Barclay B. (2 1/2)	500	468 1/2	...	2 1/2	
121 1/2	118 1/2	120 1/2	117 1/2	Canada 4% 1940-60				105	105	...	2 1/2	43 1/2	37 1/2	23(a)	23(b)	Barclay B. (2 1/2)	105	105	...	2 1/2	
115 1/2	107 1/2	114 1/2	108 1/2	Gold Coast 4 1/2% 1956				118	118	...	2 1/2	43 1/2	37 1/2	24(a)	24(b)	Barclay B. (2 1/2)	118	118	...	2 1/2	
110 1/2	103 1/2	109 1/2	106 1/2	Nigeria 5% 1950-60				118	118	...	2 1/2	43 1/2	37 1/2	25(a)	25(b)	Barclay B. (2 1/2)	118	118	...	2 1/2	
118 1/2	113 1/2	117 1/2	114 1/2	N. Zealand 5% 1948				111 1/2	111	...	2 1/2	43 1/2	37 1/2	26(a)	26(b)	Barclay B. (2 1/2)	111 1/2	111	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Queensland 5% 1940-60				107 1/2	107	...	2 1/2	43 1/2	37 1/2	27(a)	27(b)	Barclay B. (2 1/2)	107 1/2	107	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	S. Africa 5% 1945-75				116 1/2	116	...	2 1/2	43 1/2	37 1/2	28(a)	28(b)	Barclay B. (2 1/2)	116 1/2	116	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Foreign Governments				101 1/2	101	...	2 1/2	43 1/2	37 1/2	29(a)	29(b)	Barclay B. (2 1/2)	101 1/2	101	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Argentina 4% Resc. 1952				97 1/2	98	+	2 1/2	43 1/2	37 1/2	30(a)	30(b)	Barclay B. (2 1/2)	97 1/2	98	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Austria 7% 1957				89 1/2	89	...	2 1/2	43 1/2	37 1/2	31(a)	31(b)	Barclay B. (2 1/2)	89 1/2	89	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	B. Aires (Prov.) 3 1/2%				67 1/2	67	...	2 1/2	43 1/2	37 1/2	32(a)	32(b)	Barclay B. (2 1/2)	67 1/2	67	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Belgium 7% red. by 1956				108 1/2	108	...	2 1/2	43 1/2	37 1/2	33(a)	33(b)	Barclay B. (2 1/2)	108 1/2	108	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Bulgaria 7 1/2% Loan				108 1/2	108	...	2 1/2	43 1/2	37 1/2	34(a)	34(b)	Barclay B. (2 1/2)	108 1/2	108	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Brazil 5% Fund. 1914				70 1/2	70	...	2 1/2	43 1/2	37 1/2	35(a)	35(b)	Barclay B. (2 1/2)	70 1/2	70	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Chili 6% (1929)				174 1/2	174	...	2 1/2	43 1/2	37 1/2	36(a)	36(b)	Barclay B. (2 1/2)	174 1/2	174	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	China 5% (1912)				82 1/2	82	...	2 1/2	43 1/2	37 1/2	37(a)	37(b)	Barclay B. (2 1/2)	82 1/2	82	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Do. 5% (1913)				92 1/2	92 1/2	...	2 1/2	43 1/2	37 1/2	38(a)	38(b)	Barclay B. (2 1/2)	92 1/2	92 1/2	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Czechoslovakia 8%				104 1/2	104 1/2	...	2 1/2	43 1/2	37 1/2	39(a)	39(b)	Barclay B. (2 1/2)	104 1/2	104 1/2	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Danish 3%				110 1/2	110	...	2 1/2	43 1/2	37 1/2	40(a)	40(b)	Barclay B. (2 1/2)	110 1/2	110	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Danzig 6 1/2%				64 1/2	64	...	2 1/2	43 1/2	37 1/2	41(a)	41(b)	Barclay B. (2 1/2)	64 1/2	64	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Egypt United 4%				108 1/2	108	...	2 1/2	43 1/2	37 1/2	42(a)	42(b)	Barclay B. (2 1/2)	108 1/2	108	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	France 4% (British)				20 1/2	21	+1	...	43 1/2	37 1/2	43(a)	43(b)	Barclay B. (2 1/2)	20 1/2	21	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Germany 7% Dawes Ln.				68 1/2	68	...	2 1/2	43 1/2	37 1/2	44(a)	44(b)	Barclay B. (2 1/2)	68 1/2	68	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Do. 5 1/2% (Young Ln.)				12 1/2	12 1/2	...	2 1/2	43 1/2	37 1/2	45(a)	45(b)	Barclay B. (2 1/2)	12 1/2	12 1/2	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Greek 6% Stab. Ln.				43 1/2	43 1/2	...	2 1/2	43 1/2	37 1/2	46(a)	46(b)	Barclay B. (2 1/2)	43 1/2	43 1/2	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Do. 7% Refugee				50 1/2	51	+1	...	43 1/2	37 1/2	47(a)	47(b)	Barclay B. (2 1/2)	50 1/2	51	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Hungary 7 1/2%				83 1/2	83	...	2 1/2	43 1/2	37 1/2	48(a)	48(b)	Barclay B. (2 1/2)	83 1/2	83	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Japanese 5% 1936-65				88 1/2	88	...	2 1/2	43 1/2	37 1/2	49(a)	49(b)	Barclay B. (2 1/2)	88 1/2	88	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Do. 6% (1924) red. 1959				135 1/2	135	...	2 1/2	43 1/2	37 1/2	50(a)	50(b)	Barclay B. (2 1/2)	135 1/2	135	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Norwegian 4% 1911				44 1/2	44 1/2	...	2 1/2	43 1/2	37 1/2	51(a)	51(b)	Barclay B. (2 1/2)	44 1/2	44 1/2	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Peru 7 1/2% 1922				104 1/2	104	...	2 1/2	43 1/2	37 1/2	52(a)	52(b)	Barclay B. (2 1/2)	104 1/2	104	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Poland 7%				152 1/2	152	...	2 1/2	43 1/2	37 1/2	53(a)	53(b)	Barclay B. (2 1/2)	152 1/2	152	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Roumania 4% 1922				115 1/2	115 1/2	...	2 1/2	43 1/2	37 1/2	54(a)	54(b)	Barclay B. (2 1/2)	115 1/2	115 1/2	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	Swedish 3 1/2% 1908				86 1/2	87	+1	...	43 1/2	37 1/2	55(a)	55(b)	Barclay B. (2 1/2)	86 1/2	87	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	U.K. & Argentine 1933				115 1/2	115 1/2	...	2 1/2	43 1/2	37 1/2	56(a)	56(b)	Barclay B. (2 1/2)	115 1/2	115 1/2	...	2 1/2	
101 1/2	98 1/2	103 1/2	99 1/2	5 1/2% B. Certs. (1951)				86 1/2	87	...	2 1/2	43 1/2	37 1/2	57(a)	57(b)	Barclay B. (2 1/2)	86 1/2	87	...	2 1/2	
101 1/2	98 1/2	103 1/																			

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COMPANY MEETINGS, &c.

SECOND ALLIANCE TRUST COMPANY, LIMITED

SATISFACTORY REVENUE AND CAPITAL POSITIONS

MR JAMES PRAIN'S REVIEW

The ordinary general meeting of the Second Alliance Trust Company, Limited, was held, on the 18th instant, in the company's office, Meadow House, 64 Reform Street, Dundee.

The chair was taken by Mr James Prain, and after formal evidence of the proper calling of the meeting had been submitted, the Secretary read the auditors' report to the shareholders.

The Chairman, in moving the adoption of the annual report, said:—

I have now to submit for your approval the directors' report and accounts for the year which ended on July 31st last. They have been in your hands in printed form for the statutory period, and I have no doubt you have familiarised yourselves with their details. They reflect in a satisfactory manner the general improvement in investment conditions and show about 26½ per cent. earned on the ordinary stock against 22½ per cent. for the previous year. We have, however, thought it wise simply to repeat last year's dividend and devote the surplus to strengthening the position of the company.

There are several reasons for taking this conservative course. One is, that a portion of the increase in revenue must be regarded as non-recurring. It has been received in the form of arrears on fixed interest investments which have been out of the dividend list for some years. We find that our revenue has benefited to the extent of about £10,500 under this head. I am not suggesting that future years may not bring their own benefits, but that depends on a continuance of the present prosperous conditions, and of that no one can be sure. It must not be forgotten that while this is an old-established company it was not until after the close of the war almost entirely a mortgage company, and that it was only transformed and developed into a bond and stock investment company in those post-war years whose difficulties are reflected in the troubles which have affected and still affect so many investment lists. We are satisfied that the correct policy is one of prudent reservation from revenue, which will enable us to meet with equanimity whatever the future may have in store.

APPRECIATION OF INVESTMENTS

However, both the revenue and the capital positions are at present satisfactory, and we were glad once again to report to you that a valuation of the company's bond and stock investments showed their market value to exceed the amount at which they stand in the balance sheet. Last year we had to record a depreciation, though a small one. This year the valuation shows a substantial appreciation—a very healthy symptom—although, as we have told you in the past, we do not place too much importance on these market appreciations, which are here to-day and may be gone to-morrow.

The further prosperity of investment trusts is bound up with a continuation of present conditions, and it is reassuring to note the atmosphere of confidence which prevails among those who direct the business activities of the country. Such confidence, drawn as it is from long practical experience, is often based on an intuitive insight which is frequently a better guide than the reasoning of economists, and indeed it often itself produces results which provide its own justification. It was given a good deal of confirmation and reasoned expression in a notable speech by the President of the Board of Trade in July. He based a definite view as to the probable continuance of business recovery on a number of factors—the confidence established in the nation's financial position, the protection set up for the home market—"adequate without removing the incentive to productive efficiency," the development of overseas markets assisted by bilateral agreements with Empire and foreign countries, the fertilising influence of cheap money and so on. Certainly the published figures continue to justify his view.

EMPLOYMENT RECORD

Perhaps the best of these from every point of view is that of the numbers in employment. The August figure was 10,961,000, or 66,000 more than the July figure, which itself was a high record for this country. When we consider that employment has

had to contend with the displacement of labour by the growing mechanisation of industry, this figure represents an achievement which is as surprising as it is gratifying.

Quite apart from the growth in employment, the increase in wage rates which certain industries have been able to bear are estimated to produce half a million pounds a week. In turn, this distribution of wages to many more people, and in some cases at higher rates, has had an excellent effect on retail trade, statistics of which show sales from February to July this year more than 6 per cent. higher as compared with the same period last year.

The growth of deposits at the banks also suggests that the duty of saving has not been neglected and that incidentally we shall continue to have plentiful funds for investment in industry. The actual rise in the totals of "plans approved," particularly under the heading of buildings other than houses, the probability of growth in slum replacement schemes, the great Government expenditures in prospect, all point to a continuance of business activity.

BRITAIN'S INCREASED SHARE IN WORLD TRADE

The difficulties in the way of international trade are well known, but Britain appears to be getting more than her share of any increase, for our total exports in July last were 1½ per cent. greater than in July, 1935. The August figures do not present such a remarkable increase, but reflect the same tendency. Of course, there is another side to the picture—the serious uncertainties of the political outlook abroad, the fact that since Mr Runciman spoke the Chancellor has flatly told us that a Budget deficit is already certain, and so on. We must always remember how quickly the outlook may change, but if it is right to make provision for such changes, the facts I have mentioned on the whole permit one to end this short reference to general conditions in his country on a note of hope.

CONDITIONS IN UNITED STATES

In the United States, where 18.5 per cent. of our funds are invested, an atmosphere of confidence also prevails. There are three main factors—the industrial position, the position of the national finances, and the uncertainties of the forthcoming Presidential election. The last we need not trouble to discuss. As to the first, all appears to be well. All the indices point to continued prosperity. Everything from cigarettes to car loadings is going up, the all-important capital goods indicators—constructional contracts, machine tools, etc., are said to be no less than 50 per cent. better than a year ago.

Railroad and Utility Companies are being forced to extend and equip. Everything is set fair. As regards the remaining factor—the position of the national finances, one hesitates to speak. The enormous budget deficit would appear to be a menace, but the general view appears to be that the advancing wave of American prosperity will supply a yield from taxation sufficient to meet the situation with the help of easy money and that control of the banks which enables the Federal Government to solve all normal problems of financing. At any rate, even the pessimists agree that there is no prospect of trouble for twelve months ahead, and in the economic sphere it is probably not wise in any event to look further ahead.

DISTRIBUTION OF INVESTED FUNDS

The distribution of our invested funds, geographically and otherwise, is, I think, satisfactory. Over 76 per cent. is invested in the British Empire and the United States, while as regards the nature of the securities about 62 per cent. is in fixed interest bearing investments and 38 per cent. in ordinary stocks. The latter percentage enables us to participate substantially in the prosperity of which I have spoken, and at least a portion of the yield from many of our leading ordinary stocks is *de facto* more secure than that from many fixed interest investments, and from a capital point of view these first-class equities have a high degree of marketability.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended September 19, 1936, amounted to £13,192,500, against ordinary expenditure of £8,579,000. After allowing for an increase in Exchequer Balances of £158,238, the operations for the week, as shown below, decreased the gross National Debt by £4,230,000 to approximately £7,983 millions.†

(000's omitted)	
Treasury Bills	+ 3,485
Public Department Advances	— 7,400
National Savings Certificates	— 100
Road Fund	— 195
	+ 3,485
	— 7,995

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

A complete analysis of the approximate position of the National Debt at June 30, 1936, appeared in the *Economist* of July 4, 1936.

REVENUE AND OTHER RECEIPTS	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Sept. 21, 1935	April 1, 1936, to Sept. 19, 1936	Week ended Sept. 21, 1935	Week ended Sept. 19, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	51,018,000	44,722,000	856,000	630,000
Sur-tax	58,500,000	5,610,000	5,640,000	80,000	70,000
Estate, etc., Duties	89,000,000	45,090,000	40,600,000	4,770,000	2,490,000
Stamps	27,000,000	9,160,000	9,730,000	240,000	370,000
Excess Profits Duty and Corporation Profits Tax	750,000	—	—	—	—
Land Tax and Mineral Rights Duty	750,000	130,000	120,000	—	—
Total Inland Revenue	433,000,000	111,008,000	100,812,000	5,946,000	3,560,000
Customs and Excise—					
Customs	207,525,000	93,227,000	97,785,000	3,930,000	3,611,000
Excise	110,000,000	51,000,000	50,700,000	5,800,000	5,800,000
Total Customs and Excise	317,525,000	144,227,000	148,485,000	9,730,000	9,411,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,104,000	1,220,000	Dr108,000	Dr155,000
Post Office (Net Receipts)	11,250,000	6,550,000	8,250,000	Dr170,000	350,000
Crown Lands	1,350,000	610,000	620,000	—	—
Receipts from Sundry Loans	5,000,000	3,008,239	2,917,968	—	—
Miscellaneous Receipts	25,250,000	11,014,831	9,834,302	36,390	26,501
Total Ordinary Revenue	798,381,000	277,522,070	272,139,270	13,904,390	13,192,501
SELF-BALANCING REVENUE					
Post Office	69,944,000	28,750,000	28,700,000	2,750,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	6,892,000	7,153,000	108,000	155,000
Total Self-balancing Revenue	95,444,000	35,642,000	35,853,000	2,858,000	1,155,000
Total	...	313,164,070	307,992,270	16,762,390	14,347,501

EXPENDITURE AND OTHER ISSUES	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Sept. 21, 1935	April 1, 1936, to Sept. 19, 1936	Week ended Sept. 21, 1935	Week ended Sept. 19, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	104,355,095	103,622,680	221,938	277,921
Payments to Northern Ireland	7,500,000	2,303,929	2,735,306	—	—
Exchequer	3,200,000	1,305,835	1,013,633	53,750	1,343
Other Consolidated Fund Services	600,000	—	—	—	—
Post Office Fund	235,300,000	107,964,859	107,371,619	275,688	279,264
Total Supply Services (excluding Post Office)	570,000,000	225,624,098	240,848,949	7,250,000	8,300,000
Total Ordinary Expenditure	806,269,000	333,368,957	348,220,568	7,525,688	8,579,264
SELF-BALANCING EXPENDITURE					
Post Office	69,944,000	28,750,000	28,700,000	2,750,000	1,000,000
Road Fund	26,500,000	6,892,000	7,153,000	108,000	155,000
Total Self-balancing Expenditure	95,444,000	35,642,000	35,853,000	2,858,000	1,155,000
Total	...	369,010,957	384,073,568	10,383,688	9,734,264

† Estimated Expenditure as per Financial Statement (H.C. 77)	797,897,000
Add:—	
Supplementary Estimates	33,972,000
Less:—Provision made in the Budget	25,600,000
	8,372,000
	806,269,000

The aggregate revenue from April 1 to September 19, 1936, is shown below:—

(000's omitted)	
Expenditure	348,220
Revenue	272,139
Decrease in balances	23
Gross borrowing	£80,746
Less	
New Sinking Fund*	4,688
Net borrowing	76,058
	348,220

* Authority will be sought in the Finance Bill to meet the Statutory Sinking Funds in 1936 by borrowing.

1936 — OUR CENTENARY YEAR

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To conclude, your directors feel that by prudent reservation from revenue and by a wide spread of the company's investments, both geographically and otherwise, we are following the sound rules of trust company management which have placed this company in its present strong position and will work for the eventual benefit of yourselves as its shareholders.

I shall not detain you further, but with once again a hearty acknowledgment of the valuable services of our staff, I shall conclude by moving that the directors' report and accounts for the year ended July 31, 1936, be adopted and approved, and that the final dividends be declared at the rates therein recommended on £700,000 preference stock at the preferential rate of 4½ per cent. per annum, and on £350,000 ordinary stock at the rate of 18 per cent. per annum, all subject to income tax.

The report and accounts were adopted, and resolutions declaring dividends, re-electing the retiring director, and appointing auditors were unanimously passed.

INITIAL SERVICES, LIMITED

CONTINUED EXPANSION OF BUSINESS

The eighth ordinary general meeting of Initial Services, Limited, was held, on the 23rd instant, at Winchester House, London.

Mr W. J. Chinneck, who presided in the absence abroad of the chairman and managing director, Mr A. P. Bigelow, said that the trading profit, which included dividends declared by subsidiary companies, was approximately £7,500 greater than that of the previous year, being £246,227 as against £238,881. The net profit showed an increase of £7,000, being £245,476, compared with £238,388 in 1935.

The balance brought forward was £19,056, to which must be added the net profit for the year, amounting to £245,476, making a total of £264,532. From that total they deducted the cumulative preference dividend for the year to June 30, 1936, £32,000, and a sum of £37,500 in respect of an interim dividend of 5d. per share on the 1,800,000 ordinary shares of 5s. each, which had been transferred to taxation reserve account, and £3,769 had been written off in respect of the expenses of increasing and issuing the new capital. Those deductions totalled £115,421 and left a surplus of £149,111. They proposed to transfer £50,000 to general reserve, increasing that account to £100,000, and recommended that a final dividend of 10d. per share, less tax, be paid on the 2,700,000 ordinary shares of 5s. each. As the ordinary capital ranking for that dividend was three times the amount on which the final dividend of 1s. 8d. per share was paid last year, and the current rate of income tax had been increased from 4s. 6d. to 4s. 9d. in the £, that final dividend absorbed £85,781, as against £58,125 last year. They would carry forward a balance of £13,330, as against £19,056 brought in.

There had been considerable expansion in their business during the past year and they hoped that the aggregate profits next year would show some benefit as a result.

The Chairman concluded by explaining at some length the board's share proposals for the staff.

The report and accounts were unanimously adopted, and a resolution approving the board's share proposals was passed.

POSITION OF THE FLOATING DEBT

	Sep. 21, '35	Mar. 31, '36	Sep. 19, '36	Sep. 19, '36
Ways and Means Advances Outstanding	£ 14,570,000	£ 19,055,000	£ 27,450,000	£ 7,400,000
Advances by Bank of England	894,025,000	763,115,000	812,430,000	3,465,000
Treasury Bills outstanding				
Total Floating Debt	908,595,000	782,170,000	839,880,000	3,935,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury bills were opened on September 18, 1936. The amount applied for was £84,170,000. Tenders were accepted for Treasury bills at three months dated Monday to Thursday, at £99 17s. 5d., and above in full; Friday, at £99 17s. 6d., and above in full; Saturday at £99 17s. 4d., about 68 per cent. and above in full. The average rate per cent. was 10s. 4.90d. The amount allotted was £48,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	76,260,000	30,000,000	0 18 11.5
July 6, 1934	35,000,000	62,745,000	32,000,000	0 18 4.14
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1.64
July 5, 1935	40,000,000	80,905,000	40,000,000	0 12 4.32
January 3, 1936	35,000,000	88,075,000	35,000,000	0 10 10.72
April 3, 1936	40,000,000	76,280,000	40,000,000	0 10 2.78
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
September 11, 1936	50,000,000	75,785,000	50,000,000	0 10 7.30
September 18, 1936	50,000,000	80,170,000	48,000,000	0 10 4.80

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended August 29, 1936	532,054	399,041
Week ended September 5, 1936	614,879	461,159
February, 1916, to September 5, 1936	1,289,771,153	998,766,203

At the end of July, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,704,207.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, September 23, 1936

ISSUE DEPARTMENT

Notes Issued:—	Government Debt	11,015,100
In Circulation	Other Government Securities	248,173,204
In Banking Department	Other Securities	466,891
	Silver Coin	344,805
	Amount of Fiduciary Issue	260,000,000
	Gold Coin and Bullion	247,600,837
		507,600,837

BANKING DEPARTMENT

Proprietors' Capital	£ 14,553,000	Government Securities	£ 83,663,337
Public Deposits	£ 10,441,666	Other Securities	£ 7,980,969
Other Deposits	£ 107,981,795	Advances	£ 7,980,969
Other Accounts	£ 238,794,724	Securities	£ 238,794,724
	146,776,519	Notes	28,218,422
	175,483,697	Gold and Silver Coin	28,218,422
			1,105,382
			175,483,697

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

Both Departments	Amount, Sept. 26, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	445,104,282	+ 241,812	+ 46,940,094
Public deposits	10,441,666	+ 4,400,280	+ 9,049,696
Bankers' deposits	107,981,795	+ 5,798,837	+ 20,740,497
Other deposits	38,794,724	+ 135,776	+ 161,187
Total outside liabilities	602,322,467	+ 1,776,145	+ 58,469,708
Capital and rest.	18,265,512	+ 19,193	+ 8,846
Government debt and securities	342,851,641	+ 2,044,020	+ 2,375,837
Discounts and advances	7,980,969	+ 1,303,333	+ 4,530,514
Other securities	20,804,345	+ 341,975	+ 7,465,944
Silver coin in issue department	344,805	+ 32,718	+ 1,105,382
Coin and bullion (bank's reserves)	248,706,219	+ 765,394	+ 54,346,154
Reserves of notes and coin in banking department	63,801,937	+ 523,582	+ 7,406,060
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	40.5%	No change	+ 2.0%
(b) Gold stocks to deposits and notes ("reserve ratio")	41.3%	No change	+ 5.6%

(000's omitted)

Date	Issue Department	Banking Department	Gold in or out of Bank	Bank's
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits
1936				
Sep. 2	505,405	445,784	18,053	101,067
" 9	506,524	445,591	20,360	98,828
" 16	506,843	444,862	14,842	102,183
" 23	507,601	445,104	10,442	107,982

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department				
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"	
1936	£	£	£	%	£	£	£	£	%
Sept. 2	257,358	2,245	246,498	40 1/2	85,708	10,821	19,086	60,714	38 1/2
" 9	258,646	957	247,619	40 1/2	83,503	10,549	20,126	62,028	38 1/2
" 16	259,209	393	247,941	41 1/2	81,598	9,184	20,069	63,078	40 1/2
" 23	259,188	467	248,706	41 1/2	83,663	7,881	20,337	63,602	40 1/2

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
January 1 to September 9, 1936	23,141,938	1,399,907	2,419,440	26,961,285
Week ended September 16	667,272	31,892	59,838	759,002
Week ended September 23	576,074	31,843	58,558	666,575
Total to date, 1936	24,385,284	1,463,742	2,537,836	28,386,862
Total to date, 1935	23,703,846	1,373,284	2,342,404	27,419,514
Increase or decrease in 1936	+ 681,438	+ 90,478	+ 195,432	+ 967,348
	= 2.9%	= 6.6%	= 8.4%	= 3.5%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5.5%	= 7.2%	= 8.1%	= 5.8%

PROVINCIAL

(000's omitted)

Week ended	Month of August		Aggregate Totals January 1 to September 19
	1935	1936	
September 19			
No. of working days:			
BIRMINGHAM	1,951	2,209	2,209
BRADFORD	754	864	864
BRISTOL	1,107	1,228	1,228
DUBLIN	5,080	5,113	5,113
HULL	709	768	768
LEICESTER	947	906	906
LIVERPOOL	590	714	714
LIVERPOOL*	4,817	5,556	5,556
MANCHESTER	8,421	9,334	9,334
NEWCASTLE	1,188	1,068	1,068
NOTTINGHAM	360	380	380
SHEFFIELD	994	903	903
	26,926	28,843	28,843
	100,250	105,142	105,142
	+ 4.8	+ 4.8	+ 4.8
	1,124,943	1,182,927	1,182,927

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the Economist for November 9, Turkey, in July 25. Spain in August 15. Egypt in August 29. Argentina in September 5. Denmark, International Settlements, Roumania in September 12. Canada, Estonia, Latvia, Portugal, Sweden in September 19.

U.S.F.R. BANKS	Sept. 26, 1935	Sept. 3, 1936	Sept. 10, 1936	Sept. 17, 1936	Sept. 24, 1936
Resources					
Gold Certificates on hand and due from the Treasury	6,551,130	8,334,030	8,372,080	8,386,070	8,384,680
Total reserves	6,794,750	8,615,540	8,632,240	8,661,700	8,664,560
Total bills discounted	223,580	268,880	248,070	283,530	267,060
Total bills bought in open market	9,550	8,800	8,030	8,010	3,100
Total bills on hand	14,240	11,690	11,100	11,110	10,130
Industrial advances	30,130	28,520	28,520	28,520	28,520
Total U.S. Govt. securities	2,430,200	2,430,230	2,430,230	2,430,230	2,430,230
Total bills and securities	2,474,560	2,470,330	2,469,980	2,469,850	2,468,910
Total resources	9,891,760	11,748,490	11,777,170	12,025,010	11,826,010
LIABILITIES					
Federal Reserve notes in actual circulation	3,430,170	4,020,920	4,055,970	4,048,480	4,039,850
Aggregate of excess member-bank reserves over requirements	2,620,000	1,980,000	2,000,000	1,710,000	1,740,000
Deposits—Member-bank—reserve account	5,235,730	6,440,620	6,471,330	6,205,730	6,224,640
Government deposits	112,230	107,240	54,680	417,920	388,350
Total deposits	5,899,520	6,827,410	6,796,820	6,874,360	6,868,120
Capital paid in and surplus	298,990	302,750	302,770	302,770	302,750
Total liabilities	9,891,760	11,748,490	11,777,170	12,025,010	11,826,010
Ratio of total reserves to deposit and F.R. note liabilities combined	75.2%	79.4%	79.5%	79.3%	79.5%
U.S.F.R. BANKS AND TREASURY COMBINED					
Monetary Gold Stock	9,297,000	10,717,000	10,738,000	10,762,000	10,786,000
Treasury and National Bank Currency	2,382,000	2,502,000	2,508,000	2,507,000	2,509,000
LIABILITIES					
Money in Circulation	5,828,000	6,225,000	6,276,000	6,255,000	6,289,000
Treasury Cash and Deposit with Federal Reserve Banks	2,778,000	2,482,000	2,420,000	2,789,000	2,787,000

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

	Sept. 26, 1935	Sept. 3, 1936	Sept. 10, 1936	Sept. 17, 1936	Sept. 24, 1936
Total gold reserves	2,741,940	3,398,420	3,286,840	3,230,420	3,216,770
Total bills discounted	6,890	6,330	5,850	5,130	4,670
Bills bought in open market	1,810	1,100	1,100	1,100	1,100
Total U.S. Govt. securities	744,320	680,560	680,560	680,560	680,560
Total bills and securities	780,000	675,070	674,560	673,860	673,400
Deposits—Member-bank—reserve account	2,499,480	2,893,720	2,822,810	2,862,980	2,702,760
Ratio of total res. to dep. and Federal Res. note liabilities combined	80.0%	84.6%	84.5%	84.3%	84.2%

FEDERAL RESERVE REPORTING MEMBER BANKS

	Sept. 11, 1935	Aug. 12, 1936	Aug. 19, 1936	Aug. 26, 1936	Sept. 4, 1936	Sept. 9, 1936
Loans	7,935	13,972	13,887	13,639	13,809	13,806
Investments	12,039	13,972	13,887	13,639	13,809	13,806
Reserve with Federal Reserve Bank	4,373	4,855	4,884	4,976	5,082	5,109
Due from banks	2,239	2,408	2,288	2,276	2,272	2,275
Demand deposits	13,291	14,752	14,794	14,911	14,867	14,918
Time deposits	4,966	5,021	5,014	5,028	5,032	5,036
Government deposits	527	821	820	820	820	821
Due to banks	5,309	6,372	6,161	6,138	6,267	6,307

* Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

AUSTRALIAN COMMONWEALTH BANK—In £'s (000's omitted)

	Sept. 23, 1935	Aug. 24, 1936	Aug. 31, 1936	Sept. 7, 1936	Sept. 14, 1936	Sept. 21, 1936
Assets						
Gold and English sterling	15,984	16,004	16,004	16,004	16,002	16,002
Other coin, bullion and cash	6,467	6,774	6,601	6,753	6,559	6,509
Money at short call—London	16,461	19,170	19,155	18,718	19,528	21,405
Short-term loans	8,277	6,209	6,960	6,167	6,321	6,826
Securities	70,531	75,154	75,154	75,154	75,296	75,296
Discounts and advances	6,995	8,653	8,727	8,496	8,349	8,443
LIABILITIES						
Notes issued	47,044	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold	3,896	7,753	7,753	7,753	7,753	7,753
Deposits	70,000	70,221	70,433	69,684	70,484	71,331

RESERVE BANK OF NEW ZEALAND—In £'s (000's omitted)

	Aug. 17, 1935	Aug. 24, 1936	Aug. 31, 1936	Sept. 7, 1936	Sept. 14, 1936
Assets					
Gold	2,801	2,801	2,801	2,801	2,801
Sterling exchange	19,877	19,799	19,799	19,847	19,849
Subsidiary coin	184	183	184	181	180
Investments	2,038	2,038	2,038	2,038	2,038
LIABILITIES					
Bank notes	10,829	10,885	11,148	11,061	11,042
Demand liabilities—Government	6,659	6,354	6,436	5,870	5,646
Other	5,770	6,210	5,985	6,328	6,359
Ratio of reserves to sight liabilities	95.8%	96.0%	95.9%	93.1%	93.9%

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

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

Assets	Sept. 7, 1935	Aug. 15, 1935	Aug. 23, 1935	Aug. 31, 1935	Sept. 7, 1936
Gold and silver holdings	1,582,875	1,606,955	1,606,955	1,606,955	1,606,955
Reserves and foreign currencies	181,734	492,848	476,633	492,350	472,042
Disbursements and advances	1,049,212	1,387,910	1,394,838	1,541,371	1,611,103
Advances to the Treasury	2,671,279	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES					
Reserves	1,255,903	1,243,702	1,243,644	1,243,234	1,243,232
Bank notes in circulation	2,904,907	2,361,794	2,399,310	2,560,905	2,602,274
Sight liabilities	1,901,202	1,997,677	1,965,146	1,908,700	1,896,861
Deposits	128,568	121,414	121,414	121,414	121,406

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

Assets	Sept. 7, 1935	Aug. 15, 1935	Aug. 23, 1935	Aug. 31, 1935	Sept. 7, 1936
Gold and gold exchange	3,537,577	2,767,428	2,754,844	2,792,284	2,838,345
State Gold Bonds	567,169	566,440	566,440	566,440	566,440
Bills discounted	294,080	328,626	327,759	330,060	331,779
Advances	3,133,128	5,699,097	5,692,136	5,562,429	5,882,739
State Debt	2,714,111	3,605,111	3,605,111	3,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,624,857	5,497,137	5,497,181	5,818,110	5,759,027
Deposits and current accounts	3,699,390	6,548,902	6,563,600	6,378,244	6,430,208
Foreign exchange liabilities	155,714	246,059	231,878	227,704	236,514

BANK OF POLAND.—In zloty (000's omitted)

Assets	Sept. 10, 1935	Aug. 10, 1935	Aug. 20, 1935	Aug. 31, 1935	Sept. 10, 1936
Gold	511,600	366,078	366,203	366,562	366,866
Foreign exchange and bills	8,418	10,435	9,212	14,693	18,998
Bills discounted	649,159	835,102	619,842	642,976	649,389
Loans against securities	53,320	124,122	120,296	123,882	110,893
Treasury bonds discounted	57,997	44,879	50,805	51,077	45,975
Securities	51,505	110,920	124,352	124,371	124,418
LIABILITIES					
Notes in circulation	956,094	998,925	978,523	1,030,759	1,019,036
Sight liabilities	194,736	171,192	193,053	170,888	189,351

BANK OF FINLAND.—In F. Marks (000's omitted)

Assets	Sept. 14, 1935	Aug. 22, 1935	Aug. 31, 1935	Sept. 8, 1936	Sept. 15, 1936
Gold	450,758	575,768	581,993	588,213	596,882
Balance abroad and foreign bills	1,306,708	1,193,850	1,239,337	1,230,182	1,211,343
Finland and Foreign bonds	437,124	504,907	489,716	502,397	491,558
Discounts and loans	768,212	942,732	893,334	891,368	946,576
LIABILITIES					
Notes in circulation	1,313,181	1,424,287	1,502,778	1,500,183	1,506,797
Deposits at notice	533,359	738,805	650,004	725,851	710,387

BANK OF LITHUANIA.—In lt. (000's omitted)

Assets	Sept. 15, 1935	July 15, 1935	July 31, 1935	Aug. 15, 1935	Aug. 31, 1935	Sept. 15, 1936
Gold	34,020	60,129	61,619	61,631	63,706	65,210
Silver and other coins	3,298	5,067	5,154	5,068	5,227	5,287
Foreign currency	5,058	8,723	9,920	8,442	8,505	8,282
Discounts	82,818	64,984	63,981	64,745	70,092	69,442
Advances	11,751	12,035	11,960	18,829	13,111	13,010
LIABILITIES						
Bank notes in circulation	92,225	104,031	104,698	103,445	107,013	103,933
Current accounts	16,461	36,978	36,414	40,833	37,842	43,210
Deposits	23,649	13,470	9,218	11,908	12,305	12,593

BANK OF DANZIG.—In Danzig gulder (000's omitted)

Assets	Sept. 15, 1935	June 30, 1935	July 15, 1935	July 31, 1935	Aug. 15, 1935	Aug. 31, 1935	Sept. 15, 1936
Gold coin and bullion	17,028	20,785	20,782	20,785	20,806	20,807	20,808
Danzig subsidiary coin	3,857	4,353	4,567	4,018	4,566	4,059	4,601
Balance abroad and foreign bills	10,818	9,937	10,100	10,000	10,094	11,493	11,164
Advances	522	251	543	548	498	498	498
Discounts	20,358	14,918	14,872	14,135	14,063	14,733	14,351
LIABILITIES							
Notes in circulation	28,840	29,956	28,571	31,345	29,235	30,963	28,898
Deposits on demand	3,877	4,743	7,205	5,550	9,254	9,769	12,346

BANK OF JAPAN.—In yen (000's omitted)

Assets	Aug. 31, 1935	Aug. 8, 1935	Aug. 15, 1935	Aug. 22, 1935	Aug. 29, 1935
Gold coin and bullion	489,672	530,624	531,325	532,238	533,163
Other coin and bullion	40,402	67,970	66,789	64,064	62,723
Discounts	646,739	539,603	536,579	536,338	538,949
Advances	134,124	191,719	192,897	187,831	189,242
Advances on foreign bills	153,542	37,705	39,383	29,999	88,666
Government bonds	422,198	453,138	464,323	456,312	519,455
LIABILITIES					
Notes	1,296,296	1,248,535	1,240,130	1,259,282	1,455,231
Government deposits	383,799	357,178	381,825	381,938	326,641
Other deposits	74,288	55,262	60,126	53,518	63,194

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Sept. 17, 1936	Sept. 18, 1936	Sept. 19, 1936	Sept. 21, 1936	Sept. 22, 1936	Sept. 23, 1936	Sept. 24, 1936
Bank rate (changed from 2½ June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½
Deposit advances—Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous weeks—

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1936							
Aug. 27	1	1	1	1	1	1	1
Sept. 3	1	1	1	1	1	1	1
" 10	1	1	1	1	1	1	1
" 17	1	1	1	1	1	1	1
" 24	1	1	1	1	1	1	1

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Each. per £	Sept. 18, 1936	Sept. 19, 1936	Sept. 21, 1936	Sept. 22, 1936	Sept. 23, 1936	Sept. 24, 1936
New York, \$	14.86 1/2	5.05 1/2	5.06 1/2	5.06 1/2	5.06 1/2	5.06 1/2	5.06 1/2
Montreal, \$	4.86 1/2	5.05 1/2	5.06 1/2	5.06 1/2	5.06 1/2	5.06 1/2	5.06 1/2
Paris, Fr.	124.21	70 1/2	70 1/2	70 1/2	70 1/2	70 1/2	70 1/2
Brussels, Bel.	35.00 (a)	29.96-99	29.97-99	29.97-99	29.97-99	29.97-99	29.97-99
Milan, L.	92.46	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2	64 1/2
Zurich, Fr.	25.22	15.53-55	15.53-55	15.53-55	15.53-55	15.53-55	15.53-55
Athens, Dr.	375	532*	532*	532*	532*	532*	532*
Helsinki, M.	193.23	226 1/2-227 1/2	226 1/2-227 1/2	226 1/2-227 1/2	226 1/2-227 1/2	226 1/2-227 1/2	226 1/2-227 1/2
Madrid, Pt.	25.22 1/2	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2
Lisbon, Esc.	110	110-110 1/2	110-110 1/2	110-110 1/2	110-110 1/2	110-110 1/2	110-110 1/2
Amst'dm, Fl.	12.107	7.45 1/2-46 1/2	7.45 1/2-46 1/2	7.45 1/2-46 1/2	7.45 1/2-46 1/2	7.45 1/2-46 1/2	7.45 1/2-46 1/2
Berlin, Mk.	20.43	12.57-60	12.57-60	12.57-60	12.57-60	12.57-60	12.57-60
Registered							
Vienna, Sch.	(e)	43-48	43-48	43-48	43-48	43-48	43-48
Bu'pest, Pen.	27.82	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2	17 1/2
Prague, Kc.	164 1/2	122 1/2-108	122 1/2-108	122 1/2-108	122 1/2-108	122 1/2-108	122 1/2-108
Danzig, Gul.	25.00	26 1/2-27 1/2	26 1/2-27 1/2	26 1/2-27 1/2	26 1/2-27 1/2	26 1/2-27 1/2	26 1/2-27 1/2
Warsaw, Zlot.	43.38	26 1/2-27 1/2	26 1/2-27 1/2	26 1/2-27 1/2	26 1/2-27 1/2	26 1/2-27 1/2	26 1/2-27 1/2
Riga, Lat.	25.22 1/2	14 1/2-15 1/2	14 1/2-15 1/2	14 1/2-15 1/2	14 1/2-15 1/2	14 1/2-15 1/2	14 1/2-15 1/2
Bucharest, Lei	813.8	678*	678*	678*	678*	678*	678*
Const'ple, Pst.	110	630*	630*	630*	630*	630*	630*
Belgrade, Din.	276.32	216-226	216-226	216-226	216-226	216-226	216-226
Kyovo, Lit.	48.66	29 1/2-30 1/2	29 1/2-30 1/2	29 1/2-30 1/2	29 1/2-30 1/2	29 1/2-30 1/2	29 1/2-30 1/2
Sofia, Lev.	673.66	400-430	400-430	400-430	400-430	400-430	400-430
Tallinn, E. Kr.	18.159	17 1/2-18 1/2	17 1/2-18 1/2	17 1/2-18 1/2	17 1/2-18 1/2	17 1/2-18 1/2	17 1/2-18 1/2
Oslo, Kr.	18.159	19.35-95	19.35-95	19.35-95	19.35-95	19.35-95	19.35-95
St'holm, Kr.	18.159	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45
Cop'hgen, Kr.	18.159	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45
Alexandria, Fat.	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2
Br. India Rupee	18d.	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Hong Kong, \$	24.58d.	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Kobe, Yen.	24.58d.	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Shanghai, \$	24.58d.	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Singapore, \$	24.58d.	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Batavia, F.	12.11	7.40 1/2-43	7.41-43	7.41-43	7.41-43	7.41-43	7.41-43
Rio, Mil.	15.89d.	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
B. Aires, \$	11.45	17.00-17 1/2	17.00-17 1/2	17.00-17 1/2	17.00-17 1/2	17.00-17 1/2	17.00-17 1/2
Valparaiso, \$	40	131 1/2 (f)	131 1/2 (f)	131 1/2 (f)	131 1/2 (f)	131 1/2 (f)	131 1/2 (f)
M'video, \$	51d.	25 1/2-26	25 1/2-26	25 1/2-26	25 1/2-26	25 1/2-26	25 1/2-26
Lima, Sol.	17.38	20.10-50	20.10-50	19.90	19.90	19.90	19.90
Mexico, Pes.	9.76	17.90	17.90	17.90	17.90	17.90	17.90
Manila, Pes.	24.66d.	18.90	18.90	18.90	18.90	18.90	18.90
Moscow, Rbls.	23 1/2	23 1/2	23 1/2	23 1/2	23 1/2	23 1/2	23 1/2
B'ngkok, Baht	121.82d.	22.22 1/2	22.22 1/2	22.22 1/2	22.22 1/2	22.22 1/2	22.22 1/2

Usage: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days). Pence per unit of local currency. † Par 8.23 1/2 since dollar devaluation on February 1, 1934. ‡ Par 197.10 1/2 since koruna devaluation on February 17, 1934. (a) Latest "export" rate. (b) Official rate. (c) Per cent. discount. (d) Latest "import" rate. (e) Average remittance rate for importers. Rate for payments to the Bank of England. (f) For account Controller of Anglo-Italian debts; (g) Under Anglo-Spanish

LONDON TRANSPORT

Week ending September 19, 1936	Takings (before pooling)	Compared with corresponding period of last year
Aggregate 12 weeks to September 19, 1936	£587,200	+ 20,400
	£6,659,300	+ 203,400

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1936	+ or -	1936	+ or -
INDIAN							
		1936		Rs.	Rs.	Rs.	Rs.
Assam Bengal	22	Aug. 31	1,330	14,52,000	+ 24,426	67,30,891	+ 2,36,208
Barsi L. Ry.	22	31	292	143,300	+ 3,000	1,18,800	+ 11,800
Bengal & N. Western	22	31	2,112	19,14,287	+ 1,89,594	1,52,57,582	+ 1,14,392
Bengal-Nagpur	22	31	2,268	121,16,000	- 3,77,504	3,38,28,799	- 18,18,742
Bombay, Bar. & C.I.	24	Sept. 10	3,072	225,72,000	+ 2,92,000	4,88,78,000	- 34,28,000
Madras & S. Mahr. ..	22	Aug. 31	3,229	118,52,000	+ 21,692	3,15,43,176	+ 8,35,917
Rohilk. & Kumaon ..	22	29	548	11,48,872	+ 15,522	29,98,002	+ 2,95,659
South Indian	22	31	2,532	116,40,947	+ 34,592	2,26,13,416	- 2,52,923

‡ 10 days.

† 11 days.

CANADIAN

Canadian National.	37	Sept. 14	1936 23615	\$ 1,415,164	\$ 422,808	124,295,904	\$ 8,217,122
Canadian Pacific ...	37	Sept. 14	17238	3,281,000	332,000	82,006,000	8,002,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	38	Sept. 20	834	12,000	2,930	510,890	47,960
Argentina N.E.	12	19	753	1175,300	21,800	1,882,000	168,400
				\$10,312	1,299	110,351	9,756
B.A. and Pacific ...	12	19	2,860	11,290,000	88,000	14,773,300	117,300
B.A. Central	11	12	...	175,682	5,301	886,163	5,287
B.A. Gt. Southern ..	12	19	5,084	11,841,000	300,000	1,417,800	40,300
				108,294	20,849	1,220,196	147,000
B.A. Western	12	19	1,930	1,987,000	13,000	7,845,500	323,000
				\$39,235	832	459,937	19,850
Central Argentine. .	12	19	3,700	12,610,800	435,100	27,159,400	2,908,300
				153,565	25,820	1,592,530	168,013
Central Uruguayana	11	12	273	11,594	4,399	112,297	20,459
C. Urg. (East Ext.) .	11	12	311	11,955		18,515	3,251
C. Urg. (N. Ext.) . .	11	12	185	71,390	336	18,013	3,966
C. Urg. (W. Ext.) . .	11	12	211	7968	128	9,965	2,041
Cordoba Central. . .	12	19	1,218	\$516,000	58,000	7,288,000	598,000
				\$30,350	3,480	427,280	34,270
Entre Rios	12	19	810	1240,590	86,890	2,494,700	5,900
G. Westn. of Brazil	38	19	1,082	18,600	1,100	146,279	597
Leopoldina.	38	19	1,918	\$198,200	43,000	61,757,000	6,886,000
				\$23,123	1,471	708,850	59,180
Leopoldina Termal. .	38	19	...	\$32,000	33,000	12,680,000	1,453,000
				\$37,724	1,112	80,845	16,125
Paraguay Central. .	12	19	274	\$251,000		213,000	11,415
Salvador.....	12	19	100	\$7,989		81,965,000	164,080
San Paulo	37	19	1534	\$230,000	205,000	1,105,125	217,893
				\$26,833	2,601	186,188	22,867
United of Havana .	12	19	1,353	14,071	452		

* Converted at average official rate during week ended Sept. 19-17-00 pesos to the £.
 † Free market rate.
 ‡ Receipts in Argentine pesos.
 § Converted at "controlled free" rate.
 ¶ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Name	Weeks Ending	Present Month	Gross Receipts for Week	Gross Aggregate Receipts
			1936	1936
			+ or -	+ or -

SUEZ CANAL RECEIPTS

Name	Weeks Ending	Present Month	Gross Receipts for Week	Gross Aggregate Receipts
			1936	1936
			+ or -	+ or -

TRAMWAYS WEEKLY GROSS RECEIPTS

Name	Weeks Ending	Present Month	Gross Receipts for Week	Gross Aggregate Receipts
			1936	1936
			+ or -	+ or -

MONTHLY TRAFFICS

Company	Months Ending	Description	Receipts for Month	Receipts to Date
			1936	1936
			+ or -	+ or -

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	Interim or Final	Date of Payment	Comparison with Last Year	Total
				Latest Year
				Previous Year

RAILWAYS				
Sorocabana Railway (54% Income First Debs.)	1%	Oct. 1	...	...
BANKS				
Reichsbank	Nil*	...	Same	...
TEA AND RUBBER				
Ceylon Tea Plantations	2½%	Oct. 29	Same	...
Elmhurst (Ceylon) Tea and Rubber	5½%	...	...	...
Federated (Selangor) Rubber	5½%	...	...	...
F.M.S. Rubber Planters	3%	Oct. 6	2½%	...
Galapitakande (Ceylon) Estates	...	...	...	...
Hoscote Rubber	...	...	...	...
Kempas Rubber	...	...	...	...
Lubok Rubber	4%	Oct. 17	Nil	...
Malayan Plantations	5½%	Oct. 17	...	...
New Dimbula Tea	9½%	Oct. 20	Same	...
Sungei Sakai Rubber	3%	Oct. 3	Nil*	...
Tanjong Rubber	...	...	...	...
Tebing Rubber	...	...	...	...
MINING				
Gopeng Consolidated	5d p.a.*	Sep. 30	Same	...
Oriental Consolidated	50c p.a.*	Oct. 16	Same	...
Rand Selection Corporation	...	...	...	...
Sinal Mining Ordinary	5%	Sep. 30	Nil*	...
Do. Prg. Preferred	5%	Sep. 30	Same	...
Transvaal Gold Mining	2½%	Oct. 1	Same	...
OTHER COMPANIES				
Anglo-American Debenture	3½%	Nov. 2	Same	...
Associated Provincial Picture Houses	4½%	...	Same	...
Atkinson-Oates Motors	(h) 40%	...	...	...
Austin Motor Ord. and A. Ord.	...	Oct. 31	...	...
Barry and Staines Linoleum	5%	Oct. 20	Same	...
Bearpark Coal and Coke	2%	Oct. 5	Nil*	...
Burt, Boulton and Haywood	2½%	Oct. 17	2½%	...
Canadian General Investments	12½%	Oct. 15	10c*	...
Clyde Paper	...	...	...	...
Criterion Restaurants	2½%	...	Same	...
Currys	2½%	Oct. 1	Same	...
Debenhams, Ltd.	...	...	...	...
Eastwoods Lewes Cement	8½%	Oct. 12	7½%	...
Edinburgh Investment Trust	5%	...	...	...
Electrical Finance and Securities	5%	Oct. 1	Same	...
Engineering Components	5%	Oct. 1	Same	...
"Financial News"	...	...	...	...
Freehold Assets	4½%	Oct. 13	3½%	...
Friars Investment Trust	1%	...	...	...
Harding, Tilton and Hartley	10%	Oct. 1	Same	...
Harrisons and Crosfield	15½%	Oct. 13	Same	...
Hendon Electric	12½%	Oct. 1	7½%	...
Herrburger Brooks	2½%	...	...	...
Hopkinson	2½%	Oct. 31	Same	...
India Rubber Gutta Percha (ord.)	3%	Sep. 30	...	...
International Automatic Telephone	3%	Oct. 1	Same	...
International Paint	4%	Sep. 30	3%	...
Kirklees, Ltd.	2½%	...	...	...
Lancashire Electric	2½%	...	Same	...
London General Cab	2½%	...	...	...
Lowestoft Water and Gas ord.	3½%	Oct. 1	...	...
Do. New ord.	2½%	Oct. 1	Same	...
Manchester Liners	4%	Oct. 6	3½%	...
Marine Steamship	4%	...	...	...
Meux's Brewery	3½%	Oct. 24	Same	...
Montreal Light and Co. (Com.)	3½%	Oct. 31	Same	...
Midland Counties Electric	2½%	Oct. 15	Same	...
Midland Electric Corporation	2½%	Oct. 15	Same	...
McNeill (F.) and Co.	5%	Oct. 1	...	...
New Brick (Newbey)	7½%	...	Same	...
Potteries Motor Traction	4%	Oct. 22	Same	...
Prices Tailors	...	...	...	...
Ranks (Ireland) S. ord.	5d ps*	Oct. 15	...	...
Rich (E.) and Company	...	...	...	...
River Plate Trust A.	5%	Oct. 1	Same	...
Do. B.	1%	Oct. 1	Same	...
Rover Company	15½%	...	Nil*	...
Second Scottish Northern Invest.	...	...	...	...
Spillers	3%	Oct. 14	2%	...
Sun Electrical	2½%	Oct. 31	Same	...
Swan Estates Old Ordinary	2½%	Oct. 1	Same	...
Do. New Ordinary	1-019d*	Oct. 1	...	...
Taylor (C. F.) and Company	5%	Oct. 17	4%	...
Tayside Floorcloth	5%	...	Same	...
Telephone and General Trust	5%	...	Same	...
Trinidad Leaseholds	3%	Oct. 22	Same	...
Vulcan Foundry	17½%	...	12½%	...
Wallace Brothers (Dublin)	...	Oct. 8	...	...
Ward (Thomas W.)	...	...	...	...
Weber Smith and Hoare	5½%	...	Nil*	...
Wellman Smith Owen Engineering	4%	Oct. 15	Same	...
West London and Provincial Elec.	2½%	Oct. 1	1½%	...
Whitehall Court	3½%	Oct. 6	Same	...
Wright, Layman and Umney	2½%	Sep. 30	Nil*	...

† Free of Income Tax.
 ‡ Also capital bonus of one fully-paid ordinary share for each ten ordinary shares held.

AUSTIN MOTOR COMPANY, LTD.—The directors recommend a dividend payable October 31st of 25 per cent. less tax at 4s. 9d. in £ on the ordinary and "A" ordinary shares for year to July 31, 1936, together with a bonus of 25 per cent. less tax. The total payments for year to July 31, 1936, will be £811,378 gross. Dividend interest, £54,582. Preference dividends, £95,554. Preferred ordinary dividend, £150,000. Ordinary and "A" ordinary dividend and bonus, £311,230. Report will be out October 2nd. Meeting, October 12th.

KIRKLEES, LTD.—Profit for year to June 30, 1936, £78,371, against £81,358 for year to June 30, 1935, and £37,957 for year to June 30, 1934. Ordinary dividend, 4 per cent., against 3 per cent. Carry forward, £10,682 against £11,295. Meeting, River Plate House, London, E.C.2, October 6th, at noon.

THE EDINBURGH INVESTMENT TRUST, LTD.—The directors have declared an interim dividend on the deferred stock of 3 per cent. actual, less income tax at 4s. 6d. in the £. (Last year interim was 2 per cent.)

BRITISH INDUSTRIES TRUST—FIRST PORTFOLIO.—The Midland Bank Executor and Trustee Company, Ltd., announce an income distribution of 8½d. per share, free of income tax, for the 18th half-yearly period ended August 31, 1936. Income warrants to be posted on September 26th to certificate holders registered as at August 31, 1936. Credit balance carried forward to the next half-year equivalent to 0-13044 pence per sub-unit, free of income tax.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefe.	Ordinary					
						Amount	Amount				
Breweries		£	£	£	£	£		£	£	%	
All Saints' Brewery	June 30	26,101	15,781	41,882	2,571	19,740	42	Dr. 8,059	27,630	15,362	20
Financial Land, etc.											
Trafford Park Estates	June 30	28,485	74,787	103,272	...	45,500	7	25,000	32,772	77,105	6
Tyre Investment Trust	May 31	27,439	22,438	49,877	23,250	...	...	...	26,627	22,764	Nil
Hotels, Restaurants, etc.											
Queen Anne Residential Mansions and Hotel	June 24	30,360	24,431	54,791	8,750	11,250	10	2,000	32,791	19,179	7½
Iron, Coal and Steel											
Bengal Iron	Mar. 31	Dr. 248,611	49,874	Dr. 198,737	...	...	...	52,943	Dr. 251,680	5,581	Nil
Blakeborough (J.) and Sons	June 30	4,070	27,996	32,066	5,380	8,775	7½	12,420	24,871	25,073	5
Carrier Engineering	June 30	17,743	49,925	67,668	1,000	37,500	50	4,297	Dr. 57,231	(a)	(a)
Dorman (W. H.) and Co.	Mar. 31	Dr. 53,867	1,636	Dr. 57,231	...	...	...	...	158,109	13,005	Nil
Instone (S.) and Company...	June 30	136,005	22,104	158,109	...	...	...	...	30,080	103,784	4½
Manvers Main Collieries.....	June 30	31,682	67,898	99,580	1,000	31,500	4½	27,000	85,702	105,085	6½
Sheepbridge Coal and Iron	June 30	84,699	174,855	259,554	16,736	117,116	10	40,000	124,346	512,532	8½
Staveley Coal and Iron.....	June 30	98,743	588,077	686,820	...	304,682	9½	257,792	50,301	97,136	Nil
Ward (Thos. W.)	June 30	40,531	173,427	213,958	44,297	{ 63,250 3,010 (m) 5½ }	{ 7½ p 5½ }	53,100	50,301	97,136	Nil
Wellman Smith Owen Engineering	June 30	...	(s) 12,606	12,606	...	7,771	5	...	4,835	5,333 (t)	Nil
Rubber											
Bajoe Kidol	Mar. 31	42,088	3,359	45,447	...	7,469	3	...	37,978	12,913	5
Bantam (Java)	June 30	1,934	9,307	11,241	...	9,000	6	...	2,241	7,746	5
Banteng (Selangor).....	April 30	9,277	5,167	14,444	...	3,960	4	1,600	8,884	4,398	4
Durian Sebatang	Mar. 31	270	957	1,227	...	...	...	...	1,227	1,439	Nil
Langkapora (Sumatra).....	June 30	3,970	2,527	6,497	199	2,655	3	...	3,643	3,785	4
Seaport (Selangor)	June 30	19,422	6,506	25,928	...	5,719	4	1,000	19,199	6,408	4
Tandson	June 30	24,183	15,330	39,513	...	12,500	5	...	27,013	6,514	2½
Tebing	Mar. 31	774	4,092	4,866	...	3,146	3½	501	1,219	4,659	5
Shops and Stores											
Debenhams, Ltd.	July 31	136,241	558,263	694,504	379,000	83,333	16½	50,000	182,171	508,001	12½
Prices, Tailors, Ltd.	June 30	93,006	399,970	492,976	42,281	162,000	92½	131,258	157,437	302,500	65
Riding's Stores	June 30*	1	9,467	9,468	1,432	3,813	10	2,235	1,988	(a)	(a)
Tea											
Ceylon and Indian Planters	June 30	3,189	5,136	8,325	1,500	2,640	4	1,092	3,093	4,834	4
Textiles											
Hepworth (J.) and Son	July 31	23,818	83,094	106,912	41,000	24,781	5	13,000	28,131	79,761	5
Kirklees, Limited	June 30	11,295	27,768	39,063	...	10,000	4	18,380	10,683	25,021	3
Leethems (Twilt)	June 30	7,807	47,561	53,368	14,063	16,875	9	14,588	7,842	44,724	9
Trusts											
City and International	Aug. 31	34,933	45,939	80,872	30,000	12,000	3	...	38,872	43,827	2½
Other Companies											
Allied Industrial Services ...	June 30	6,714	93,088	99,802	9,600	11,250	22½	21,000	57,952	58,442	40
Cheshire United Salt	June 30	6,628	5,366	11,994	2,428	1,375	2½	...	8,191	2,478	Nil
Cohen, Weenen and Co.	June 27	43,165	51,428	94,593	45,000	9,000	9	...	40,593	67,377	18
General Theatre Corporation	Mar. 31	67,851	98,356	166,207	...	50,000	12 (d)	65,373	50,834	67,851	Nil
Harrisons and Crosfield	June 30	141,707	256,642	412,649	37,800	{ 100,000 84,890 29,944 (g) 22,875	{ 20 (d) 20 (e) (g) 20	...	145,015	253,284	(i) (i) (i) 15
Serck Radiators	Aug. 1	6,352	39,859	46,211	...	...	...	...	8,336	27,819	15
Theatre Royal, Drury Lane	June 30	Dr. 1,393	Dr. 14,343	Dr. 16,236	...	...	...	...	Dr. 16,236	Dr. 15,647	Nil

* For half-year. † Free of Income Tax. (a) No comparable figures. (d) Paid on preferred ordinary stock. (e) Paid on deferred ordinary stock. (g) Paid on 500,000 1/- management shares. (i) Absorbed £28,010. (h) Dividend 3 per cent. Paid on account of arrears of 7 per cent. cumulative preference shares. (m) Paid on employees' shares. (n) Absorbed £6,650. (p) Paid on ordinary shares. (s) Eighteen months. (t) Six months.

REPORTS AND NOTICES

Mr R. J. Hall has been appointed a director of Salt Union, Ltd.
 The Hon A. Morton Weir has resigned from the board of British Continental Airways.
 Mr Walter Allen and Mr Evan Phillips have retired from the board of the British Oak Insurance Company, and Mr A. F. Forbes, Mr Wilfred D. Vernon and Mr Arthur Whittaker have been appointed directors.

MISCELLANEOUS

THE ANGLO-SIAM CORPORATION, LTD.—The accounts for year ended March 31, 1936, show a net profit of £22,528 for the year ended March 31, 1936. After crediting £44,317 brought forward from the previous year the balance at the

MANVERS MAIN COLLIERIES, LTD.—Profit £67,898, after allowing £29,236 for depreciation for year to June 30, 1936. Previous profit £103,784 after allowing £26,992 for depreciation. Transfer to reserve £25,000, and a special "Jubilee" allocation of £2,000 for aged employees' homes. Ordinary share dividend 4½ per cent. Carry forward £30,080.

Sales of tin on the London Metal Exchange: 300 tons on Monday against 300 tons last week; 225 tons on Tuesday, against 315 tons last week; 500 tons on Wednesday, against 205 tons last week. The New York quotation on Wednesday was 44.95 cents per lb. against 44.50 cents a week ago and 42.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £192 5s. to £192 15s. per ton compared with £194 5s. to £194 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 631 tons, a decrease of 74 tons on the week.

Calcutta goods have shown little change for some time past, with only slight price fluctuations from day to day.

GRAIN MARKETS

WHEAT.—The upward trend of quotations continued during the past week, when Liverpool futures advanced to the highest point since June, 1930. Little change in the fundamental position of the market has occurred, but reports from the growing areas in Argentina and Australia State that the need for moisture is now becoming urgent.

On Wednesday last, "September" futures were quoted in Chicago at 116½ cents per bushel, against 114½ cents the week before and 111½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 42s. 3d. per 496 lbs., against 40s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 41s. 9d., against 40s. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,528,000 quarters, against 1,500,000 in the previous week and 1,259,000 quarters in the corresponding week a year ago.

FLOUR.—In sympathy with the advance in wheat, flour prices have been marked up this week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 35s. per 280 lbs., against 34s. a week ago; delivered inner London, 34s. 6d., as compared with 33s. 6d. a week ago. Manitoba patents, ex store, 32s. to 33s. 6d., against 30s. 6d. to 32s. a week ago. Australian, ex store, 29s. to 29s. 6d., against 28s. to 28s. 6d. a week ago.

BARLEY.—Imported feeding barley is a shade higher on the week. Meanwhile, there is a good demand for English malting descriptions at rising prices. "October" futures were quoted at 65 cents per bushel in Winnipeg on Wednesday, against 58½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, nominal, as against a nominal quotation a week ago; "English malting" (new), at farm, 32s. to 50s., against 32s. to 50s. last week; Californian (new), ex ship, 45s. to 56s., against 44s. to 54s. last week; Chilean, brewing, ex ship, 34s. to 38s., against 34s. to 38s. a week ago.

OATS.—On Wednesday, "September" futures were quoted at 42½ cents a bushel in Chicago, against 42 cents a week ago and 42½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 19s. to 20s. per 336 lbs., against 18s. to 19s. a week ago; "English White" (new), at farm, 19s. to 20s., against 18s. to 19s. a week earlier; mixed Canadian feed (Vancouver), landed, 20s. 6d. per 320 lbs., compared with 19s. 9d. last week.

MAIZE.—Although business has been somewhat less active, the market has had a steady tone. "September" futures were quoted on Wednesday at 110½ cents per bushel in Chicago, against 114½ cents a week ago and 112½ cents last month. Quotations in London, Wednesday: "Plate," landed, 25s. 3d. per 480 lbs., compared with 25s. 3d. a week ago; "Plate," ex ship, 24s. 3d., as against 24s. 3d. to 24s. 6d. a week ago; "Plate," "September," 23s. 9d., as against 23s. 9d. a week ago; yellow maize meal, ex wharf, was quoted at 6½ 10s. to 6½ 12s. 6d. per ton, as against 6½ 10s. to 6½ 12s. 6d. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat				
1 week to September 19	411,784	599,800	589,614	238,903
3 weeks to September 19	1,114,246	1,605,420	1,445,601	748,968
Average price of English wheat per cwt.	s. d. 4 9	s. d. 5 1	s. d. 5 0	s. d. 7 4

The following is a statement showing the quantities sold and the average price of British cereals in the past two weeks, and for the corresponding week in each of the years from 1932 to 1935:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
September 17, 1932...	Cwts. 133,328	Cwts. 137,074	Cwts. 42,175	s. d. 5 8	s. d. 9 2	s. d. 6 6
September 18, 1933...	411,784	402,053	53,829	4 9	10 8	6 4
September 22, 1934...	599,800	294,021	76,372	5 1	10 0	6 8
September 21, 1935...	589,614	531,699	69,068	5 0	10 4	6 2
September 12, 1936...	280,121	804,231	42,612	7 2	10 11	6 6
September 19, 1936...	238,903	352,749	39,978	7 4	10 4	6 7

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-36:—

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Sept. 25, 1935	Dec. 31, 1935	Sept. 16, 1936	Sept. 23, 1936
Winnipeg (No. 1, Manitoba)	65½	82½	91½	84½	106	109½
—Cents per 60 lb.						
Chicago (No. 2, Winter)	84½	98½	98½	75½	114½	116½
—Cents per 60 lb.						

The visible supply of wheat in Canada amounts to 80,131,000 bushels, against 76,244,000 bushels last week, and 131,019,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—The market has been steady to firm, with prices showing little alteration. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 92s. to 97s.; Canadian, 87s.; Danish, 100s., as against 97s., 87s. and 100s. last week. Arrivals in London last week included Danish, 11,717 bales; Canadian, 4,487; Dutch, 2,228; Lithuanian, 1,755; and Polish, 2,800, as against 12,234, 4,458, 2,279, 1,779 and 2,667 bales, respectively, in the previous week.

BUTTER.—Prices are generally easier this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 98s.; Australian, choicest salted, 98s.; Danish, 122s., compared with 108s., 108s. and 128s., respectively, a week ago.

CHEESE.—The market has ruled firm for English and steady for other descriptions. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 78s. to 80s.;

Canadian, finest coloured, 69s. to 70s.; and New Zealand, finest coloured, 65s. to 66s. 6d., against 78s. to 80s., 69s. to 70s. and 66s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 7½ cents per lb., as against 7½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "November-January," was quoted 33s. 3d. per 250 kilos, c.i.f. Continent, against 34s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 6,937 bags; delivered for home consumption, 4,916 bags; exported, 314 bags; stocks, 159,679 bags, against 142,291 bags a year ago.

COFFEE.—The London spot market ruled quietly steady. In New York, rather dull conditions have obtained and quotations are a shade easier. On Wednesday, Rio No. 7 (cash) was quoted at 7½ cents per lb. in New York, as compared with 8 cents per lb. last week and 8 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 148 cwt.; delivered for home consumption, 21 cwt.; exports, 53 cwt.; stocks, 10,031 cwt., against 13,669 a year ago. Central and South American, landed, 592 cwt.; delivered for home consumption, 1,939 cwt.; exported, 1,974 cwt.; stocks, 81,353 cwt., against 123,898 last year. Other kinds landed, 99 cwt.; delivered for home consumption, 4,089 cwt.; exported, 475 cwt.; stocks, 120,151 cwt., against 141,841 last year.

EGGS.—With a sustained demand, prices for most descriptions of eggs were higher this week. At Smithfield on Wednesday, English (ordinary) packing, Grade I about 15-15½ lb. realised 15s. 9d. to 16s. 3d. per 120, as against 15s. 9d. to 16s. 3d. last week, while Danish (15½ lb.) made 13s. 3d. to 13s. 9d. per 120, as against 12s. to 12s. 6d. last week.

FRUIT.—The *Fruitgrower* reports that business at Covent Garden is gradually improving. The apple trade is fair to moderate; good dessert fruit is in better demand, but quantities of inferior produce have still to be cleared. Good supplies of pears from home sources encounter a fairly steady inquiry. The rush of plums has now subsided and the market presents a steadier appearance. Hothouse grapes are moving rather better, but prices for Continental remain moderate owing to heavy supplies. Peaches are short and dear, while nectarines and English hothouse melons are about finished. Good supplies of Dutch and Spanish melons are, however, still on the market. Oranges are rather easier on heavier arrivals, but lemons are still scarce and dear. With an improved demand, best quality grape fruit have advanced in price.

MEAT.—Demand for mutton, lamb, and pork at Smithfield Market showed some improvement this week, but fresh beef and veal were in limited request. On Wednesday last, Argentine chilled hindquarters were quoted at 4s. to 4s. 4d. per 8 lbs., as compared with 3s. 10d. to 4s. 4d. a week ago. New Zealand frozen mutton was 3s. to 3s. 10d. per 8 lbs., against 3s. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,650 tons, an increase of 585 tons on the corresponding week last year. Beef and veal accounted for 4,930 tons, mutton and lamb 2,882 tons, and pork and bacon 1,111 tons, as compared with 4,640, 2,823 and 1,074 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 10 tons; delivered, nil; stocks, 1,782 tons, against 1,580 tons a year ago. White, landed, 16 tons; delivered, 42 tons; stocks, 12,041 tons, against 17,114 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 9s. 3d. per cwt., ex warehouse, on Wednesday, as compared with 9s. 3d. per cwt. a week ago. "September-October" in singles to Continent and U.K., was quoted at 8s. 1½d. per cwt., against 8s. 3d. last week. Movements in London during the past week were as follows: Landed, 15 tons; delivered, 287 tons; stocks, 1,867 tons, against 9,004 tons a year ago.

SUGAR.—The markets have displayed an easier tendency this week. The spot price in New York on Wednesday was 3-40 cents per lb., as compared with 3-60 cents per lb. last week and 3-70 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at from 4s. 1½d. to 4s. 1½d., against 4s. 4½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 17,712 tons, against 13,183 tons last week and 15,457 tons in the same week of last year; deliveries, 19,446 tons, against 16,305 tons last week and 14,148 tons last year; stocks, 105,183 tons, against 106,917 tons last week and 150,562 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Sept. 19, 1935	d. 17-52	d. 11-92	d. 14-54	d. 10-77	d. 9-79	d. 10-82	d. 15-31
Aug. 13, 1936	12-67	11-86	12-86	10-23	9-76	11-20	12-47
Aug. 20, " "	14-04	11-90	13-03	10-47	9-91	11-34	13-07
Aug. 27, " "	14-43	11-99	13-21	10-73	9-88	11-36	13-41
Sept. 3, " "	15-14	12-19	13-39	10-88	10-19	11-78	13-86
Sept. 10, " "	14-82	12-13	13-31	11-02	10-06	11-28	13-88
Sept. 17, " "	14-29	12-13	13-32	11-03	9-96	11-53	13-56

The quantities catalogued for the public auctions in Mincing Lane this week comprised 52,982 packages of Indian and 24,392 packages of Ceylon tea. At the Indian auctions on Monday and Wednesday, the tone of the market was quieter and quotations a shade easier. The market in Ceylon descriptions on Tuesday showed some irregularity.

VEGETABLES.—Tomatoes, which remained at a low level throughout last week, have now improved in price, states *The Fruitgrower's* Covent Garden report. Cucumbers remain a moderate trade, with no improvement in quotations. Beans and peas are in shorter supply, and marrows are practically finished. Sprouts are in demand, while carrots and turnips are doing better. Onions are easy. Meanwhile, supplies of potatoes at London markets have become more plentiful, and prices are accordingly a shade easier. At the Borough Market on Tuesday, best King Edward realised from 6s. to 7s. per cwt., against 6s. 6d. to 7s. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Business has been quiet and prices have shown a declining tendency. Linseed oil is again about 5s. per ton lower on the week. Demand is confined to near positions, and is about normal. There is no disposition to anticipate requirements in view

of the continued optimism regarding future supplies of seed. Unsold balances available for export are substantial and, considering the present rate of consumption, they are regarded as sufficient until the new Plate crop is harvested. With an increased area sown under favourable conditions, Argentina's crop is expected to yield more than this season, though this is largely contingent upon good weather during the next two months and more, when much may happen to upset market calculations. World shipments so far this year amount to 1,280,000 tons, or 225,000 tons less than a year ago. High prices and bad economic conditions in Europe have restricted the demand for both oilcake and oil, and the use of substitutes (such as perilla oil in the United States) also has had an effect in reducing consumption of linseed oil. The exportable balance in Argentina and India is estimated at 315,000 tons, against 510,000 tons actually shipped in the remainder of last year. The current quotation for raw

linseed oil for October-December delivery ex Hull is around £25 5s. per ton, naked. Cottonseed and likewise cotton oil have eased further. Crude Egyptian oil ex Hull is now quoted at £28 and refined at £30 10s., without attracting buyers.

RUBBER.—The market in rubber was quiet at unchanged prices. The spot price in New York on Wednesday was 16½ cents per lb., compared with 16½ cents per lb. a week ago and 16½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day for last week. In forward positions, business has been done at 7½d. for "November" shipment, as against 7½d. for "October-December" a week ago. Stocks in London and Liverpool at the end of last week totalled 104,327 tons, against 106,279 tons a week earlier. A year ago stocks amounted to 177,753 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, September 23rd			The prices in the following are revised with the assistance of an eminent firm in each department.			s. d. s. d.		
CEREALS AND MEAT			POTATOES—			WOOL—		
GRAIN, Etc.—			English King Edward			English Southdown, greasy, per lb.		
Wheat—			per cwt.			14		
No. 2, N. Man. 496 lb.			a. d.			10½		
Eng. Gaz. av. per cwt.			6 0 7 0			Queensland, scd. super cmbg.		
Barley, Eng. Gaz. av.			0 2½			15½		
Oats, 480 lb.			0 4½			N.Z., gray, half-bred 50-56		
Maize, La Plata, landed			0 8			13½		
480 lb.			67 6			Topes		
Flour, Lon. stan. ex mill, 280 lb.			62 6 90 0			Merinos 70's Average		
Rice, No. 2 Burma, per cwt.			1 6 2 6			32		
MEAT—			0 11			Crossbred 48's		
Beef, per 8 lbs.—			Nominal.			14½		
English long sides			17 3			MINERALS		
Argentine chilled hinds			17 3			COAL—		
Mutton, per 8 lbs.—			21 6 22 0			Welsh, best Ad'ty ton 19 6		
English wethers			19 7½ 19 9			Durham, best gas, f.o.b.		
N.Z. frozen			17 7½ 18 6			14 8		
Lamb, per 8 lbs.—			17 4½ 17 9			Tynes		
N.Z. frozen			17 4½ 17 9			Sheffield, best house, at		
Pork, English, per 8 lbs.—			17 4½ 17 9			pits		
						23 0 25 0		
OTHER FOODS			REFINED—London—			IRON AND STEEL—		
English			Yellow Crystals			Pig, Cleveland No. 3, d/d.		
Irish			Cubes			ton 75 0		
Dandel			Crushed			Bars, M'brough.....		
Dutch			Granulated			210 0		
Canadian			Home Grown			Steel rails, heavy.....		
United States			Indian—per lb.—			170 0		
Butter			0 11½ 1 5½			Tin plates		
Australian			0 11½ 1 5½			per box 18 9		
New Zealand			0 11½ 1 5½			METALS—		
Dandel			0 11½ 1 5½			Copper, Electrolytic, ton 43/2/6		
Cheese			0 11½ 1 5½			Sheets (strong)		
Canadian			0 11½ 1 5½			38/15/0 38/16/3		
New Zealand			0 11½ 1 5½			Lead, Eng. pig		
English Cheddars			0 11½ 1 5½			Soft foreign		
Dutch			0 11½ 1 5½			18/17/6 18/9/0		
Cocoa			0 11½ 1 5½			Spelter F.O.B.		
Duty British grown			0 11½ 1 5½			13/17/6 14/2/6		
(11/8; foreign, 14/ cwt.)			0 11½ 1 5½			Tin—English Ingots		
Accra, f.f. per cwt.			0 11½ 1 5½			193/0/0		
Trinidad			0 11½ 1 5½			Standard cash		
Grenada			0 11½ 1 5½			192/5/0 192/15/0		
COFFEE—			TOBACCO—			MISCELLANEOUS		
(Duty British grown			Duty, 9/8-10/6½ per lb.			s. d. s. d.		
4/8; foreign, 14/ cwt.)			Eng. f.f. growth, 7/5½			Acid, citric, per lb., less 5% 1 0 1 0½		
Santos sup. c. & f. cwt.			8/3½ per lb.			Nitric		
Colombian, good			Virginia leaf—			0 2½ 0 6		
Costa Rica, med. to good			Common to fine.....			0 1 0 1½		
East Indian			Rhodesian leaf			0 2½ 0 6		
Kenya, medium			Nyasaland leaf			0 2½ 0 6		
RGGS			East Indian leaf			0 1 0 1½		
			" strips			0 5 1 4		
			" strips			0 6 1 6		
TEXTILES			COTTON—			ALUM, LUMP		
d. s. d.			d. s. d.			s. d. s. d.		
8-33			8-33			Alum, lump		
10-15			10-15			Ammonia, carb.		
10½			10½			ton 27 2 28 0		
16½			16½			Sulphate		
£ s. d. £ s. d.			£ s. d. £ s. d.			8/15/0		
58 10 59 0			58 10 59 0			Arsenic, lump		
nominal			nominal			per ton 8 15 9 0		
71 0 72 0			71 0 72 0			Bleaching powder, per ton		
						s. d. s. d.		
						13 0 14 6		
						Borax, gran.		
						per cwt. 7 9		
						Do, powder		
						14 6		
						Nitrate of soda		
						per cwt. 0 4 0 4½		
						Potash—Chlorate, net		
						0 4 0 10 0		
						Sulphate		
						per cwt. 10 0 11 0		
						Soda Bicarb.		
						per cwt. 5 0 5 3		
						Crystals		
						per cwt. 15 0 15 10		
						Sulphate of Copper, per ton 15 0		
						CEMENT, best Eng. Portland, d.d. site,		
						London area, jute sacks, 11 to ton		
						(charged and credited at 1/6d. each) or		
						paper bags 20 to ton (free, non-return-		
						able)		
						4-ton loads and upwards 39/- per ton		
						1 and up to 4-ton loads 41/- per ton		
						SEPT. 15/0		
						S.D. Straits c.f., per ton 15/0/0		
						DRUGS—		
						Camphor		
						s. d. s. d.		
						2 3		
						Japhan, refined per lb. 2 3		
						Ipecacuanha		
						per lb. 5 0 5 3		
						HIDES—		
						West salted—Australian		
						per lb. 0 4½ 0 5½		
						Wet Indian		
						0 3½ 0 4		
						INDIGO—		
						Bengal, gd. red-vio. to		
						fine		
						per lb. 5 6 6 0		
						LEATHER—		
						Sole Bends 8/14 lb.—		
						per lb. 1 1½ 2 5		
						Bark Tanned Sole		
						2 3 3 3		
						Shoulders fm DS Hides		
						0 6½ 0 10		
						Do. Eng. or WS do.		
						0 9½ 1 7		
						Bellies from DS do.		
						do. Eng. or WS do.		
						0 5 0 9		
						Dressing Hides		
						1 5 1 11		
						Ro. Eng. Calif. 20/30 lb.		
						3 6 6 8		
						Aust. Bends		
						1 1 1 6		
						VEGETABLE OILS—		
						£ s. d.		
						Linsed, naked, p. ton net		
						25/5/0		
						Rape, refined		
						35/10/0		
						Cotton-seed, crude		
						23/12/6		
						Coconut, crushed		
						20/12/6		
						Oil Cakes, Linsed, Eng.		
						per ton 8/15/0		
						Oil Seeds—Linsed—		
						11/17/8		
						La Plata, p. ton, Sept.		
						13/12/8		
						Calcutta—per ton		
						s. d.		
						38 9		
						PETROLEUM PRODUCTS—		
						Motor Spirit, No. 1, Lon-		
						don		
						1 5		
						Petroleum, Amer. rd.		
						0 8½		
						brl. London—per gal.		
						Fuel oil, in bulk, for		
						contracts, ex instal.,		
						Thames		
						Turpentine, per cwt.		
						38 9		
						ROSIN—		
						American		
						per ton 15/10/0 17/7/6		
						RUBBER—		
						s. d. s. d.		
						St. ribbed smoked sheet		
						per lb. 0 7½		
						Fine Hard Para per lb.		
						0 10½		
						SHELLAC—		
						TN Orange ... per cwt.		
						48 0 53 0		
						SHELLS—		
						£ s. d.		
						W. Aust. M.o.P. ..		
						2 10 9 10		
						TALLOW—		
						s. d.		
						London town per cwt.		
						23 6		
						TIMBER—		
						£ s. d.		
						Swedish u/s 3 x 8 ...		
						per std. 19 0 0		
						" 2½ x 7		
						18 10 0		
						" 2 x 4		
						18 10 0		
						Can'dn Spruce, Dis.		
						per std. 21 18 0		
						Pitchpine		
						per load 9 10 0		
						Rio Dais		
						per std. 32 0 0		
						Teak		
						per std. 32 0 0		
						Honduras Mang. logs		
						c. f. ft. 0 12 0		
						African		
						" 0 6 6		
						Amer. Oak Boards		
						" 0 6 0		
						Ash		
						" 0 6 0		
						English Oak Planks		
						" 0 6 6		
						Ash		
						" 0 7 6		
						OTHER GOODS		
						Bacon		
						English		
						per cwt. 92 0 97 0		
						Irish		
						88 0 101 0		
						Dandel		
						100 0		
						Dutch		
						94 0		
						HAMS—		
						Canadian		
						90 0 94 0		
						United States		
						88 0 88 0		
						BUTTER		
						Australian		
						98 0		
						New Zealand		
						98 0		
						Dandel		
						122 0		
						CHEESE		
						Canadian		
						per cwt. 69 0 70 0		
						New Zealand		
						65 0 65 6		
						English Cheddars		
						78 0 80 0		
						Dutch		
						50 0 58 0		
						COCOA		
						Duty British grown		
						(11/8; foreign, 14/ cwt.)		
						Accra, f.f. per cwt.		
						34 0 34 6		
						Trinidad		
						50 0 64 0		
						Grenada		
						58 0 64 0		
						COFFEE		
						(Duty British grown		
						4/8; foreign, 14/ cwt.)		
						Santos sup. c. & f. cwt.		
						41 0		
						Colombian, good		
						49 0 58 0		
						Costa Rica, med. to good		
						56 0 78 0		
						East Indian		
						50 0 68 0		
						Kenya, medium		
						50 0 65 0		
						RGGS		
						15 9 16 3		
						Dandel		
						13 3 13 9		
						FRUIT—Oranges—		
						South African		
						boxes 15 0 21 0		
						Brazilian		
						boxes 16 0 22 6		
						Lemons, Malaga		
						boxes 32 0 35 0		
						Sicilian		
						boxes 32 0 38 6		
						Apples: Amer. (var.) brl.		
						(var.) boxes 9 0 11 0		
						Australian		
						8 0 10 6		
						Valencia, case		
						Egyptian, bags		
						Grapes, Almeria, barrels		
						Cranberry, S. African		
						12 9 16 0		
						Lard		
						Amer.		
						13 0 20 0		
						Irish bladders		
						62 0 70 0		
						U.S.		
						58 0 61 0		

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SATURDAY, JULY 18, 1936

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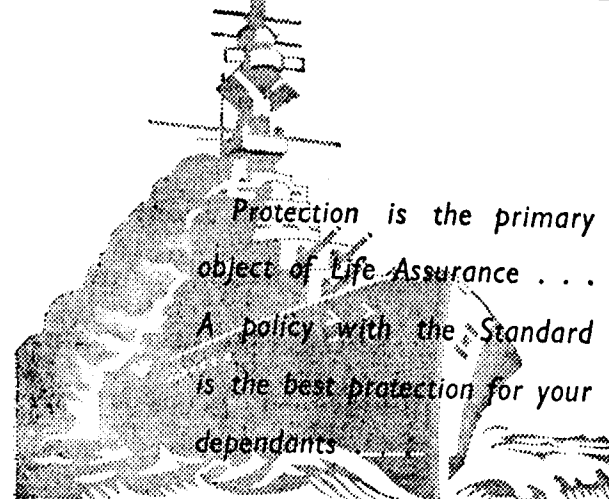
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INSURANCE IN 1935

A REVIEW OF PROGRESS AND PROSPECTS

Vol. CXXIV

SATURDAY, JULY 18, 1936

No. 4847

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I.—INSURANCE AND THE PUBLIC

THE FUTURE OF INSURANCE

A DEPARTMENTAL Committee of the Board of Trade is at present discussing the subject of compulsory insurance, and the terms of reference will probably prove wide enough to produce a survey of very great interest. Implicit in the problem of compulsory insurance are the major problems of solvency and security, of contractual freedom, and of the relations between insurance interests and the State both at home and abroad; and if the witnesses who give the evidence and the members of the Committee who ponder it rise to the height of their opportunity, the report when it is published will deserve the closest study of all who are connected with the industry. If it has the effect of stimulating their imagination and bringing home to them the changes which (unnoticed, perhaps, by the majority) are coming over their business, it should, what-ever it does for His Majesty's Government, do a world of good to the insurers. The contrast between the Clauson Report published nine years ago and the report of this Committee when it sees the light may be sharp enough to bring out unmistakably the fact that insurance is passing silently, almost unconsciously, through a time of revolution.

Perhaps the most astonishing fact in the history of insurance is that the pioneer who first accepted a burglary risk is alive to-day and is not yet an octogenarian. Let us, in the light of that fact, look back sixty years and remind ourselves of what insurance meant to the men of the eighteen-seventies. It meant life. It meant fire. It meant marine. It meant little or nothing else. To-day it still means life and fire and marine, but it means, too, unemployment, sickness and personal accident, public liability, work-

men's compensation, motor cars, storm and tempest, earthquake, aircraft, riots and civil commotion, credit and many other forms of enterprise which have one thing in common—that they reflect the growing complexity of our civilisation. The old engine is pulling a much heavier load, and if it is doing (as it undoubtedly is) a far greater service to the community than ever before, it is doing it under watchful and critical eyes and in such close co-operation with the State itself as our fathers never dreamt of. Insurance to-day is the greatest of all the social services, and it has to face both the responsibilities and the risks that go with the title.

THE STATE INTERVENES

It was in 1913, when Mr Lloyd George introduced his scheme of National Health Insurance, that insurance, so far at least as this country is concerned, first became the handmaid of social reform; and from that year onwards the politician anxious to bring greater security into the lives of the less prosperous classes adopted it not only as his ally, but as his servant. Those whose memories go back to that epoch, now so strange and so unreal, will recollect the fierce denunciations of the employers who would not "lick stamps"; and if their fury seems at this distance of time a trifle ridiculous, it must nevertheless be admitted that they had divined a new principle which hitherto had never touched insurance, but was to touch it often enough thereafter—the principle of compulsion. Until the National Health Act was passed, the State had never said to any body "You must insure," but had left it to every man's

judgment whether to run his own risk or transfer it to the shoulders of someone else. The opposition which the Act provoked was an instinctive reaction to this unwelcome pressure. On the field of insurance it was the first and the most spirited of a series of battles between the old and the new.

From health the legislators moved on to unemployment, and again the principle of compulsion won—not, this time, compulsion to insure with a company or an underwriter, but compulsion to insure with the State. And when Parliament introduced that measure it was, in effect, saying that insurance which had hitherto been carried on only by private enterprise would in case of need, when the risks were too heavy or too catastrophic to be borne by a company, be managed and controlled by a State Department. It threw out a challenge and declared that insurance, which had become an essential factor in the relations of class with class, would not be limited by the resources of the insurance market, but would be a direct interest and activity of the State machine. Judged by the standards of old-fashioned underwriting, the scheme has had no great success, and in the years before the crisis of 1931 it came within measurable distance of ruining even the British Exchequer; but, as an example of what the State can do with the principle of insurance, its significance is beyond question.

Within the last six years two more compulsory Acts have been passed for the protection of the public, one dealing with the workmen's compensation of coal miners and the other with the third party risk of motorists. Today, subject to certain unimportant exceptions, every employer who hires men to go down a mine must insure his statutory liability to the workmen, and every man who drives a car must insure his common law liability to the other users of the road.

THE NEW PROBLEM

What a distance has been travelled in twenty-four years! As recently as in 1912 John Bull treated insurance as he treated any other contractual relationship. He was as free then to take out a policy or not to take out a policy as he is free to-day to have a cheque book or not to have a cheque book, to live in a house or to live in a flat, to take his holiday at Margate or to take it at Blackpool. In 1936 the choice has gone. He must take out an insurance on the health of his servants and on their continued employment, on the disablement of his miners and on the cracked skulls of his road victims.

It is with the problems of this new conception of insurance as a social service, and in particular with the effects of compulsion, that the present departmental Committee is presumably grappling. Where it is open to a citizen to enter or not to enter into a contract according as his judgment or his fancy dictates, there is no great need for the State to intervene. The law courts must be there to interpret, and there may be legislative protection against gross imposition on one party to the contract by the other

party. But the State's interest in the transaction is slight, and if a man makes a bad bargain the loss may be allowed to rest where it falls. But once the contract is made (part of a great scheme for the prevention and alleviation of poverty; and once it is made compulsory for the individual or the employer to cover himself against certain stated risks, then it is not unnatural that the State, though not itself a party to the contract, should claim the right to a say in fixing its terms and to a stricter control over the solvency of those who accept a premium against the taking of the risk. That is the problem with which this Committee's report will doubtless deal—the problem of how far contractual freedom can be maintained in an industry which is serving the greater social needs of the country and of how the compulsory insured, the third party and the injured workman can be guaranteed a hundred per cent. security against the possible inadequacy of his insurance contracts and the failures of insurance companies, mutual associations and individual underwriters.

SOLVING THE PROBLEM

To the Socialist the solution of the problem is no doubt simplicity itself—nationalisation of insurance. But to that simple plan there is, apart from all the general arguments against State enterprise, one particular objection which applies with overwhelming force to insurance. Great Britain is the centre of the greatest international insurance industry that the world has ever known. In the face of ever increasing difficulties, in spite of ever-rising barriers, the managers of the industry have been able not only to maintain but to extend their foreign connections and add year by year to the invisible exports which they contribute to our foreign trade. In this Supplement there will be found tables of the premium income of the fire and accident departments of our great offices, and the figures are almost staggering in their size and their consistency. What proportion of them is derived from the companies' foreign connections it is not possible to say with accuracy, but it would probably be within the mark if the foreign income of the fire departments were taken at seventy per cent. of the whole. That result has been achieved by the skill and enterprise of the managers of British insurance offices, hampered though they have been by the growth of protective legislation and the curse of economic nationalism.

In such conditions it would be the very midsummer of madness to check the private enterprise of insurance at home and lead the rest of the world to believe that the British insurance industry is not capable of meeting the needs of its own domestic market. The industry, as our figures prove, is stronger to-day than ever before. Apart from the risk of unemployment and the fruits of bad statesmanship, there is, even in our over-complex society, no legitimate risk that it cannot satisfactorily carry, no reasonable service to the community that it cannot adequately perform.

RECENT LIFE ASSURANCE DEVELOPMENTS

During the quarter of a century which marked the reign of King George V, the premium and interest incomes and the accumulated funds of life assurance companies—omitting industrial life assurance—each increased threefold. Although substantial, such increase is really not very impressive after allowance for the lower present-day value of money, the higher average standard of living, and the increase in the population. It is doubtful if pure life assurance makes any greater appeal to-day than before the War. In this country at least, increased emphasis has been placed on assurances maturing during lifetime, and less stress on adequate provision at death.

Post-war bonuses have been on an unprecedented scale, due mainly to years of high interest earnings, but partly to improved mortality. Future bonus estimates connected, though not necessarily identical, with these declared rates, combined with the substantial income-tax rebate enjoyed by the offices (who are charged tax not on interest receipts as such, but on gross earnings less expenses), have enabled endowment assurances to be presented as excellent investments maturing in the lifetime of the assured. The latter, moreover, has the satisfaction of knowing that if prior death should claim him the sum assured would be payable to his dependents. It is very unlikely that any early reversal

of fashion in favour of straight "death cover" only will take place; nor, perhaps, would there be any special virtue in such a change.

In recent years, however, it has become usual to issue in conjunction with an endowment assurance policy an additional benefit, in the form of an income, not subject to tax, of from 10 per cent. to 15 per cent. of the sum assured. This income begins at the date of death, should that occur within twenty years from the outset; and it is payable until the end of that period. The endowment assurance is payable in the usual way, viz. at the expiry of the endowment term or at previous death. Such a combination of benefits admirably meets the needs of the typical family man. In the event of the premature death of the assured, the income continues until his children have reached an age when they might reasonably be assumed to be at least partially self-supporting; while the sum assured can be utilised according to circumstances, e.g. in the purchase of an annuity for the widow, beginning when the income instalments cease.

INSURING FOR INCOME

With the general adoption by the British offices of this special scheme, there has been growing recognition of the advantages of insuring for a definite amount of income rather than for a capital sum, thus placing on the broad shoulders of the insurance company the burden of investment, even after the occurrence of the event upon which assurance depends. The risks and uncertainties of individual investment are so much greater to-day that this tendency seems likely to develop considerably. In any case the average man has perforce to budget entirely on an income basis, and a lump sum of unaccustomed proportions is apt to assume quite illusory potentialities, both as a source of interest and profit. Thus it is apt to be overlooked that, taking interest at 4 per cent., a capital sum equal to two years' income will earn interest of only 8 per cent. of that income.

The customary stress on capital sums assured may account partly for the lamentably inadequate insurance cover usual in this country. Of the new basis of insuring for income a typical example may be given. A policy can be taken out under which a guaranteed income of £100 per annum for twenty years would be payable, at the same annual premium as would be charged for a capital sum of approximately £1,500. In the case of an endowment assurance maturing at age 60, an income of £100 would be guaranteed for twenty years, either from age 60 or from prior death; while by payment of an additional premium the instalments would be continued after age 80 during the remaining lifetime of the assured. Additional protection could similarly be given to cover the lifetime of the assured's widow, after the cessation of the guaranteed instalments. These guaranteed instalments under existing regulations would be regarded by the Inland Revenue authorities as capital, and so be exempted from income or sur-tax. This capital, and so be of extraordinary value; and it provides an advantage over existing practice in life annuities. As is well known, payments under life annuities are taxed as income in their entirety, though they consist, in varying proportions, of interest plus a partial return of the capital sunk. The inequity of this arrangement may be clearly seen from an example. At about age 65, the cost of a life annuity of £10 per annum may be taken approximately as £100. In the first year about £6 10s. of the annual payment of £10 is really a return of capital; in the second year about £6 15s., and thereafter continually increasing amounts. In the United States the taxation of annuities is on a much fairer basis, and properly allows for the fact that each payment consists partly of capital and partly of interest. In spite of this severe taxation disability, however, the amount sunk in annuities since the War Loan Conversion of 1932 has greatly increased; though, in the meantime, the terms which the offices have been compelled to charge have become much more onerous. The low yield on money and the growing precariousness of individual investment have created this new demand. The same considerations must be held to apply to income in the more or less remote future, so that there is a very strong argument for providing, in advance, by means of a life assurance policy, for tax-free income.

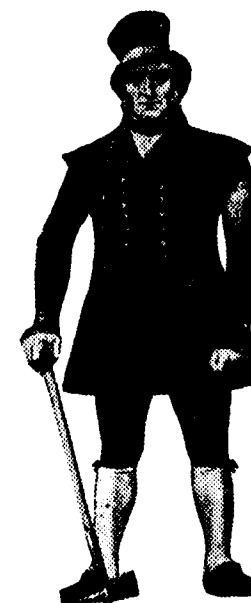
OTHER DEVELOPMENTS

For reasons already mentioned, post-war bonuses have been very high. With lower interest earnings, there is a strong probability of a definite reversion towards pre-war levels. Even so, for endowment assurances at least, where the chief attraction is the amount at maturity, the balance of advantage still lies with a policy participating in profits. And certainly, public demand is as much as ever directed on such policies.

A movement of American, and purely post-war, origin, which is showing continuous development, is the provision of staff pensions by means of group pension policies effected with an assurance company. Only a minority of offices transact this type of business, which requires a special technical and sales organisation. The plan has certain advantages over the older type of private pension fund, which, nevertheless, has its own special merits. The whole problem of provision for retired servants of big companies has acquired a new orientation since pre-war times, and there seems plenty of scope for both systems. It is usual for a firm, before inaugurating a staff pension scheme, to examine both methods critically under actuarial guidance before coming to a decision.

Another feature of greatly increased life assurance activity in recent years has been the lending of money, repayable by an endowment assurance, for the purchase of homes. The building society movement has not always looked with favour on this new competition. On the other hand, there are many cases in which a building society works in conjunction with a life office. In that event the building society makes a loan which, instead of being repaid in the usual way by means of monthly repayments of capital and interest, is a fixed amount repayable in one sum by means of an endowment assurance at the end of a given number of years, or on the previous death of the borrower.

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GENERAL RESULTS IN 1935

THE multifarious branches of British insurance, each presenting its own special technical problems, may be divided into two broad groups. One group comprises life assurance, where the contracts are for definite amounts; while the other group includes the remaining branches, such as fire, accident and marine insurance, in which the contract indemnifies only against actual losses.

In life assurance the contracts are generally long-dated and subject to uniform annual premiums; the excess of the premiums over current risk requirements, in the earlier years, is necessary for the purpose of supplementing later premiums when the current risk has begun to exceed the annual premiums. On the other hand, the "indemnity" types of insurance are transacted on a short-term basis, generally one year, and each annual premium is calculated to meet only the current annual risk and costs. In practice, however, considerable reserves are held for these classes of insurance, and are of two kinds. First, there is the reserve for outstanding claims and the reserve for the unexpired risk already paid for in the year, generally taken at 40 per cent. of the premium income; and, secondly, there are general reserves arising from undistributed past profits and investment reserves. Thus, while in life assurance in its present form the interest element is fundamental, it is only of importance in the other branches of insurance in the investment of the shareholders' capital and reserves, neither of which forms an essential part of the financial structure.

Something of the magnitude of the insurance industry may be gleaned from the latest official returns to the Board of Trade for the year 1934. At the end of that year the total assets of the insurance companies established in this country amounted to over £1,500 millions contrasted with paid-up capital of £46 millions. While it is not possible to give any exact figure, owing to the varying practice of allocating general and other special reserves, probably the

assets specifically relating to branches other than ordinary and industrial life assurance are somewhat in excess of £250 millions. The premium income in these branches is approximately £125 millions, compared with life assurance, including industrial, premiums of nearly £130 millions.

The experience of British insurance companies in 1935 was, on the whole, very satisfactory. In the fire and miscellaneous branches of insurance, total premium income was slightly greater, but underwriting profits showed considerable expansion over the level in 1934. This improvement in profits was due in large measure to results in the United States, where, in the fire branch, underwriting experience was extremely favourable. In the life branch new business further increased, and annuity consideration money, which has shown so remarkable an increase over the last few years, was fully maintained. No doubt the amount being sunk in the purchases of annuities arises partly from the large sums now falling in under matured endowment assurances.

In the annexed table, which gives the results in respect of all branches of insurance of twenty-two of the most important companies, the figures have been calculated on a uniform basis for all the offices. The reserve for unexpired risk, except in the marine branch, has been taken at 40 per cent. of the premium income of the year, which is the basis used by the majority of offices. It is not possible to use a uniform method of calculating underwriting profits in the case of the marine accounts, and the method of the company concerned has been followed. Special attention is drawn to the headings of each column; the calculations may differ from the published results of individual companies, as is only to be expected when various data are reduced to a comparable basis, and this fact should be borne in mind. In arriving at the trading surplus shown in Column 2 all allocations to investment and other special reserves have been deducted; undoubtedly this will operate

UNDERWRITING PROFIT

Company	Total Premium Income (Excl. Life Annuity and Sinking Fund)	Underwriting Profits				Dividend Position		
		Net Trading Surplus (Excl. Life Annuity and Sinking Fund)	Ratio of Net Trading Surplus to Premiums	Contribution to Net Trading Surplus from Life Annuity and Sinking Fund	Total Net Trading Surplus	Net Interest Earnings after deducting Debenture Interest and Preference Dividends	Cost of Dividend on Ordinary Shares	Proportion of Dividend met by Interest Earnings
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Alliance	3,681,348	165,812	4.5	55,961	221,773	347,396	488,932	71
Atlas	2,416,470	132,732	5.5	27,154	159,886	118,317	176,000	67
Caledonian	1,303,186	27,046	2.1	...	27,046	79,799	90,094	89
Commercial Union	13,480,851	443,011	3.3	93,712	536,723	721,149	1,118,046	65
Eagle Star and British Dominions	3,186,523	— 31,698	— 1.0	72,275	40,577	159,041	156,490	102
Employers' Liability	6,893,181	— 18,538	— 0.3	...	— 18,538	257,009	213,068	121
General Accident	8,301,934	10,665	0.1	9,579	20,244	264,872	249,940	106
Guardian	2,492,438	107,583	4.3	18,545	126,128	146,725	174,397	84
Liverpool and London and Globe	8,544,421	421,584	4.9	26,000	447,584	414,496	555,611	75
London Assurance	3,993,218	236,479	5.9	20,000	256,479	215,660	230,990	93
London and Lancashire	6,042,094	518,907	8.6	18,545	537,452	474,099	582,290	81
North British and Mercantile	5,145,382	752,461	14.6	67,460	819,921	526,982	538,915	98
Northern	4,239,051	45,666	1.1	115,000	160,666	178,027	252,376	71
Norwich Union	3,275,329	84,963	2.6	...	84,963	149,091	209,517	71
Pearl	1,403,904	22,172	1.6	614,725	636,897	48,514	600,000	8
Phoenix	6,662,864	137,187	2.1	50,000	187,187	383,713	467,325	78
Prudential	2,288,929	144,653	6.3	— 28,157	116,496	102,143	116,667	88
Royal	11,525,656	446,429	3.9	50,000	496,429	1,234,468	1,414,274	87
Royal Exchange	3,252,627	105,508	3.2	42,907	148,415	223,474	220,936	101
Scottish Union and National	1,632,655	82,830	5.1	...	82,830	146,165	151,125	97
Sun	4,701,109	188,535	4.0	...	188,535	251,784	251,208	100
Yorkshire	2,521,287	22,728	0.9	13,570	36,298	102,400	138,473	74
	106,964,457	4,046,715	3.8	1,267,276	5,313,991	6,525,324	8,396,674	78

somewhat unfairly in certain cases, but it is impossible from the accounts to distinguish between what may be regarded as an addition to free reserves and what is required by ordinary business prudence. Column 4 indicates the amount of the contribution to the net trading surplus derived from the operations of the life department. Such profits emerge from actuarial valuations, and in the majority of cases these valuations take place only at quinquennial intervals. It may be mentioned that some companies set aside the shareholders' proportion of surplus revealed at a quinquennial valuation, and, in each year of the new quinquennium, credit one-fifth of that surplus to profit and loss. This practice, however, is not universal. Hence the absence of any figure in this column for some companies which transact life business merely means that no valuation was due to be made. The Prudential is in a special position, since the life profits belong entirely to the

"A" shareholders. The table is concerned only with the "B" shareholders, whose interest is confined to the remaining departments and who have no rights to any share in the surplus of the life and annuity department.

DIVIDEND POSITION

As will be seen from the table, 78 per cent. of the total dividends were made out of interest earnings, which, it is very satisfactory to note, are well maintained; excluding the Pearl, whose activities are mainly confined to life assurance, the figure is 83 per cent. By a policy of meeting the cost of a very substantial part of the shareholders' dividend from interest earnings, a considerable portion of the underwriting profits is available to augment the special reserves. In consequence the offices are in a very strong financial position.

Year	Total Premium Income (Excl. Life Annuity and Sinking Fund)	Underwriting Profits		Dividend Position		
		Net Trading Surplus (Excl. Life Annuity and Sinking Fund)	Percentage of Premium Income	Total Net Interest Earnings	Cost of Ordinary Share Dividend	Proportion of Dividend Met out of Interest Earnings
		Amount	%	£	£	%
1930	114,944,401	1,996,275	1.7	7,320,575	8,322,312	88
1931	111,077,136	1,729,815	1.6	7,082,694	8,056,895	88
1932	106,901,260	1,291,704	1.2	6,834,987	8,086,479	85
1933	102,240,852	2,339,247	2.3	6,507,391	8,153,563	80
1934	105,427,999	2,799,348	2.7	6,524,064	8,317,337	78
1935	106,964,457	4,046,715	3.8	6,525,324	8,396,674	78

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II.—LIFE ASSURANCE

LIFE ASSURANCE RESULTS

Last year the life offices enjoyed a period of relatively quiet trading, undisturbed by substantial changes in investment conditions. On the whole, there was probably a small appreciation in their assets. These now stand in the balance sheets at considerably below market values. New business increased, and the average net rate of interest earned on the funds was well maintained. Elsewhere in this Supplement the various aspects of the business are examined in detail. Here, we may refer, as in past years, to the latest returns made by the British life offices to the Board of Trade in respect of their 1934 accounts.

A summary of these returns shows that, exclusive of industrial insurance policies, there were 5,432,000 policies in force at the end of that year, representing sums assured, plus existing bonuses of £1,809,000,000. The total interest income was £35,292,000, and the premium income £77,284,000; while the accumulated funds totalled £868,372,000. The following table is compiled from the same official source:—

Year	Aggregate Net Sums Assured under New Policies (Mill. £)	Increase or Decrease per cent. compared with preceding year
1920	147	+ 11.6
1921	109	- 25.3
1922	106	- 2.8
1923	112	+ 5.7
1924	124	+ 10.7
1925	130	+ 4.8
1926	129	- 0.8
1927	148	+ 14.7
1928	160	+ 8.1
1929	162	+ 1.2
1930	166	+ 2.5
1931	161	- 3.0
1932	164	+ 1.9
1933	183	+ 11.6
1934	208	+ 13.7

NEW BUSINESS

(A) *Life Assurance*.—The table opposite shows the new sums assured, excluding industrial assurances, effected in each of the past two years by a number of representative offices. The Dominion offices are omitted, as the figures of their new business in this country are not made public.

While each of the four groups showed some expansion, it will be noticed that the largest relative increase took place in the industrial-cum-ordinary group. The substantial annual increases in new business during the last few years for this type of office may no doubt be largely attributed to the improvement in employment conditions.

(B) *Annuity Business*.—After several successive years of increased annuity business, last year's total considera-

tion moneys received suggest that new business is now more or less stabilised at the higher level attained. Any

NET NEW BUSINESS				
	1934		1935	
	No. of Policies	Sums Assured	No. of Policies	Sums Assured
Mutual Offices:—				
Equitable	2,200	1,459,751	2,651	1,357,073
Friends' Provident and Century	2,711	2,300,833	2,675	2,275,717
London Life	2,153	2,503,452	2,008	2,805,707
Marine and General	682	428,986	845	471,066
National Mutual	876	805,768	1,027	809,800
Provident Mutual	2,498	1,534,591	2,718	1,837,590
Norwich Union	15,814	10,172,142	16,881	10,287,590
Scottish Amicable	18,379	2,027,814	21,513	2,272,415
Scottish Equitable	2,104	1,848,340	2,030	1,968,920
Scottish Provident	2,788	1,879,649	2,704	1,917,843
Scottish Temperance	4,315	3,111,277	4,179	3,206,839
Scottish Widows	1,870	1,433,285	2,075	1,445,932
Standard	6,149	4,108,597	6,560	4,484,930
United Kingdom	6,380	5,249,322	6,952	4,379,280
	5,724	4,048,659	6,421	4,591,106
	74,643	42,908,478	81,069	44,326,322
Proprietary Offices:—				
Clerical, Medical and General	2,781	2,139,392	2,843	2,511,048
Equity and Law	1,150	2,909,577	1,746	3,931,322
Scottish Life	1,716	1,785,453	2,232	2,183,345
Sun Life	28,344	18,406,103	25,048	17,423,364
	31,991	25,240,525	31,869	26,019,079
Industrial-cum-Ordinary Offices:—				
Britannic	22,685	3,641,508	20,599	3,654,012
Co-operative	20,352	3,103,453	21,650	3,320,608
Pearl	53,887	8,341,969	52,075	8,598,047
Provident Association	1,134	438,075	1,453	677,525
Prudential	93,574	24,028,783	108,327	28,744,687
Refuge	59,618	8,404,729	58,055	8,496,817
Wesleyan and General	9,932	1,588,692	9,789	1,799,396
	261,182	49,547,209	269,948	55,261,089
Composite Offices:—				
Alliance	5,070	3,589,939	5,214	3,579,850
Atlas	5,117	3,244,709	4,943	3,564,187
Beacon	2,962	878,235	3,454	1,049,234
British Equitable	1,121	786,558	1,146	868,441
British General	1,228	660,474	1,381	760,485
Caledonian	2,466	1,806,100	2,475	1,685,686
Commercial Union	7,437	4,630,681	7,849	5,119,908
Eagle Star and British Dominions	2,497	2,404,263	2,454	2,754,680
General Accident	...	2,840,292	...	2,884,687
Guardian	1,983	1,569,061	2,128	1,984,780
Law Union and Rock	3,897	2,681,044	3,528	2,485,471
Legal and General	21,733	14,641,566	19,848	15,763,660
Liverpool and London and Globe	4,407	2,359,483	4,302	2,460,601
London and Scottish	2,532	1,317,934	2,263	2,083,871
London Assurance	2,921	2,276,133	3,698	2,763,674
North British and Mercantile	10,308	5,266,373	11,360	5,506,828
Northern	2,346	1,271,997	2,706	1,543,048
Phoenix	5,032	3,714,294	4,702	3,806,118
Royal Exchange	7,216	4,849,831	7,657	4,907,999
Scottish Union and National	6,375	3,748,468	8,712	4,349,671
Yorkshire	3,645	3,144,468	4,342	3,604,019
	3,386	2,579,543	3,223	2,430,353
	...	69,981,386	...	75,527,458
Total	...	187,677,596	...	201,123,926

drastic change in the level of interest rates would no doubt have early repercussions on the amount of annuity business. Most companies do not actively seek annuity business, even at the rates now charged, owing to the difficulty of finding profitable investment for the consideration money and to the ingrained fear of annuitants' verbal longevity. There are one or two offices, however, which follow a bolder new business policy and count on securing thereby an average type of annuitant who will not outlive reasonable expectations. Again, some offices have special opportunities of investment, or have opened up new channels of investment; and as interest on the annuity fund is virtually on a gross basis there is a possibility in such cases of securing a welcome contribution to the surplus which is distributable to participating policies.

CONSIDERATION MONEY FOR PURCHASE OF ANNUITIES

	1934	1935
	£	£
Mutual Offices:—		
Equitable	188,580	174,762
Friends' Provident and Century	778,801	931,017
London Life	290,931	168,347
Marine and General	5,013	9,009
National Mutual	45,287	59,890
Norwich Union	64,472	94,426
Provident Mutual	435,640	286,321
Scottish Amicable	55,106	29,238
Scottish Equitable	32,066	33,341
Scottish Provident	69,017	44,452
Scottish Temperance	128,791	174,008
Scottish Widows	12,461	19,643
Standard	230,701	208,113
United Kingdom Provident	528,699	619,328
	7,336	64,933
	2,872,901	2,916,828
Proprietary Offices:—		
Clerical, Medical and General	173,918	253,779
Equity and Law	2,055,579	2,398,634
Scottish Life	67,290	49,182
Sun Life	132,901	184,010
	2,429,688	2,885,605

Industrial-cum-Ordinary Offices:—

Britannic	12,548	11,063
Co-operative	48,333	54,849
Pearl	224,054	274,499
Provident Association	562,086	706,158
Prudential	1,946,445	2,339,519
Refuge	84,928	75,037
Wesleyan and General	17,437	54,262
	2,895,831	3,515,387

Composite Offices:—

Alliance	210,709	268,414
Atlas	577,770	595,640
Beacon	21,355	8,915
British Equitable	3,870	4,099
British General	29,044	10,242
Caledonian	62,876	122,141
Commercial Union	664,479	477,004
Eagle Star and British Dominions	205,136	130,042
General Accident	70,692	55,961
Guardian	77,486	126,251
Law Union and Rock	68,768	68,329
Legal and General	1,737,099	1,188,296
Liverpool and London and Globe	69,116	39,985
London and Scottish	10,359	24,447
London Assurance	129,344	211,809
North British and Mercantile	1,030,862	701,483
Northern	94,271	104,58
Phoenix	51,495	143,15
Royal	241,595	180,64
Royal Exchange	280,562	311,86
Scottish Union and National	139,062	88,29
Yorkshire	176,142	246,25
	5,951,892	5,107,85

Grand total..... 14,150,312 14,425,67

MORTALITY

Many offices make detailed investigations each year to arrive at the true mortality profit, on the basis of the expected mortality according to the tables used at the periodical valuations. These are generally purely internal arrangements in the offices, and the results are seldom

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Funds £40,000,000 Annual Income £5,000,000

published. Sometimes, however, an indication is given in the annual reports or the chairman's speeches, by comparing simply the expected and actual claims, without taking into account the reserve values held in respect of each policy, as would be necessary to calculate the true mortality profit.

The amounts paid in death claims by the various offices in 1934 and 1935 suggest, however, in combination with other considerations, that the general mortality experience last year was rather more favourable than in 1934, and that each of the past four years showed an improvement on its predecessor in this respect. The new mortality table, A1924-29, appears to be receiving general acceptance by the offices, as and when the actuarial valuations fall due; and the now obsolete O* table appears doomed to disappear almost entirely from valuation calculations within the next few years.

INTEREST

Of the various elements entering into the conduct of life assurance, and contributing to policyholders' profits, the rate of interest earned on funds is, to-day, the most important. The great popularity of endowment assurances somewhat circumscribes the scope for mortality profit. Income tax is charged on the gross interest earnings less expenses, with the result that the effective rate of tax does not exceed three-quarters of the standard rate. Even so, an average net rate of £4 3s. 10d. per cent. is satisfactory, and, of course, is only possible because a large portion of the funds was invested in years of higher interest yields and has not since been written up to the present level of market values. Actually, the position is even better than this rate would suggest, since the funds exceed the actuarial reserves, in terms of which the rate of interest should most properly be expressed. The average of the rates of interest earned by the companies shown in the following table rose slightly in 1934 from £4 4s. 5d. per cent. to £4 5s. per cent., but it must be remembered that 1934 saw a reduction in the rate of tax. Last year, in the absence of any such fortuitous aid, a fall of only 1s. 2d. is less than might

have been expected, and suggests some movement towards higher yielding types of investment. In considering the following table it should be borne in mind that the rates shown for any two offices are not usually strictly comparable, owing to differences in bookkeeping. Among other things, a good deal depends on the method of valuing the assets.

NET RATE OF INTEREST Life and Annuity Funds (including Reversions)

	1934	1935
Mutual Offices :—		
Equitable	4 6 5	4 5 6
Friend's Provident and Century	4 18 3	4 4 6
London Life	4 0 4	3 19 0
Marine and General	4 5 11	4 7 11
National Mutual*	4 5 5	4 6 1
National Provident	4 8 11	4 8 10
Norwich Union	4 12 7	4 10 10
Provident Mutual	4 10 8	4 9 2
Scottish Amicable	4 1 2	4 0 8
Scottish Equitable	4 5 4	4 5 9
Scottish Provident	3 16 2	3 17 6
Scottish Temperance	4 3 7	4 3 3
Scottish Widows	4 7 3	4 6 6
Standard	4 15 10	4 15 5
United Kingdom Provident	4 2 0	4 3 5
	4 6 8	4 5 8
Proprietary Offices :—		
Clerical, Medical and General	4 9 0	4 9 6
Equity and Law*	4 11 8	4 7 0
Scottish Life	4 5 10	4 4 4
Sun Life	4 4 5	4 3 9
	4 7 9	4 4 8
Industrial-cum-Ordinary Offices :—		
Britannic	4 13 1	4 11 10
Co-operative	4 6 7	4 2 10
Pearl	4 7 0	4 6 6
Provident Association	4 0 8	3 19 4
Prudential	4 4 7	4 9 3
Refuge	4 7 6	4 6 0
Wesleyan and General	4 8 1	4 5 4
	4 6 9	4 5 10

Composite Offices :—

	£	s.	d.	£	s.	d.
Alliance	3	19	0	3	18	3
Atlas	4	10	0	4	10	4
Beacon	4	6	7	4	3	1
British Equitable	4	4	9	4	7	0
British General	4	3	0	4	1	2
Caledonian	4	0	9	3	18	10
Commercial Union	4	3	2	4	3	0
Eagle Star and British Dominions	4	3	5	4	3	5
General Accident	4	5	8	4	3	1
Guardian	3	18	2	3	19	10
Law Union and Rock	3	17	4	3	14	4
Legal and General*	4	6	0	4	3	11
Liverpool and London and Globe	3	19	4	3	19	3
London and Scottish	4	6	5	4	4	11
London Assurance	3	18	7	3	17	9
North British and Mercantile	3	19	6	3	15	0
Northern	4	2	8	4	4	8
Phoenix	4	6	3	4	2	8
Royal	3	18	0	3	19	6
Royal Exchange	4	7	11	4	6	8
Scottish Union and National	3	19	8	3	19	0
Yorkshire	4	7	5	4	6	1
	4	2	11	4	1	11

Average of British Offices

* Excluding reversions.

LIFE OFFICE INVESTMENTS

THE annexed table shows the percentage distribution of the assets of the principal British companies, the average of the percentage held in each group of assets by all companies, and also the average percentage holdings in each

Office	Mortgages, including Loans on Policies	British Government Securities	Indian, Colonial and Foreign Government Securities	British Municipal and County Stocks	Indian, Colonial and Foreign Municipal Securities	Debenture Stocks	Preference and Guaranteed Stocks	Ordinary Stocks	Reversionary Interests, Properties, and Other Assets
Mutual Offices	%	%	%	%	%	%	%	%	%
Equitable	26.8	4.1	9.8	4.1	3.2	20.0	4.2	4.7	23.1
Friends' Provident	22.2	9.9	5.4	2.9	1.0	27.5	6.0	17.0	8.1
London Life	26.1	14.6	10.2	2.1	2.0	12.9	10.0	9.5	12.6
Marine and General	15.7	14.4	11.1	4.4	5.6	27.0	12.8	6.7	2.3
National Mutual	9.6	16.7	4.3	0.5	0.1	21.7	21.5	16.6	9.0
National Provident	28.4	15.9	8.7	2.5	2.9	22.3	4.0	3.3	11.7
Norwich Union	34.5	3.4	6.9	0.4	1.0	1.7	16.3	18.1	19.3
Provident Mutual	10.7	26.2	6.6	1.8	1.8	20.3	18.6	9.0	5.0
Scottish Amicable	27.2	13.9	9.2	0.8	2.3	26.1	7.5	7.2	5.8
Scottish Equitable	8.0	37.5	5.5	0.8	2.5	13.1	10.0	11.2	11.4
Scottish Provident	27.5	6.7	4.6	1.5	4.4	19.7	16.6	5.4	13.6
Scottish Temperance	12.4	24.1	6.9	1.9	1.0	21.7	15.8	11.0	5.2
Standard	9.4	25.3	8.4	0.4	3.9	29.1	9.0	10.6	3.9
United Kingdom	21.5	18.5	7.6	0.7	2.4	13.8	9.1	7.5	18.9
Average	19.3	17.1	7.5	1.7	2.5	20.6	11.4	10.2	9.7
Proprietary Offices									
Clerical Medical	32.4	6.5	12.7	0.8	2.4	15.7	0.4	7.3	21.8
Equity and Law	29.4	8.2	7.7	0.3	1.8	15.1	9.0	16.3	12.2
Scottish Life	13.2	18.2	10.0	—	2.8	25.1	17.4	9.0	4.3
Sun	21.8	27.2	14.4	3.1	4.0	24.5	0.8	0.1	4.1
Average	24.2	15.0	11.2	1.0	2.8	20.1	6.9	8.2	10.6
Industrial-cum-Ordinary Offices									
Britannic	17.1	20.2	14.2	5.0	3.8	11.1	8.7	13.7	6.4
Pearl	6.6	35.6	15.2	5.7	4.1	12.0	6.0	7.7	7.1
Provident Association	54.7	4.0	20.7	6.1	7.0	4.3	0.2	0.2	2.8
Prudential	15.4	28.8	6.2	3.5	1.9	15.1	8.6	10.7	9.8
Refuge	16.7	36.5	7.0	2.5	1.3	20.2	6.7	0.9	5.2
Wesleyan & General	30.1	27.9	6.4	8.4	3.7	10.4	5.5	—	7.6
Average	23.5	25.5	11.6	5.2	3.6	12.2	6.4	5.5	6.5
Composite Offices									
Alliance	33.0	17.1	7.5	3.3	1.5	20.4	6.9	3.0	7.3
Atlas	25.5	8.0	17.2	0.7	4.2	19.6	6.2	7.3	11.3
British Equitable	17.2	16.2	11.7	4.1	4.4	18.2	9.4	4.9	13.9
Caledonian	18.5	21.5	6.0	1.9	1.7	22.2	9.8	11.2	9.2
Commercial Union	26.5	29.9	4.9	10.3	1.9	15.3	5.2	4.1	1.9
Eagle Star	20.3	27.6	1.8	2.6	2.1	16.2	10.2	4.2	15.0
Guardian	32.3	13.9	6.3	4.4	0.6	17.9	8.5	8.6	7.5
Law Union and Rock	26.4	32.7	7.6	1.6	2.0	8.9	9.7	1.9	9.2
Legal and General	35.8	16.0	4.4	3.0	0.9	7.2	4.2	8.5	20.0
London Assurance	13.0	26.4	7.2	6.2	2.0	24.6	4.8	4.7	11.1
North British and Mercantile	25.0	29.2	10.9	6.3	2.3	15.8	3.4	1.2	5.9
Phoenix	20.5	17.6	13.2	2.5	5.5	25.0	9.0	0.9	5.8
Royal Exchange	19.6	16.5	9.1	2.0	2.7	24.0	5.6	5.1	15.4
Average	24.0	21.0	8.3	3.8	2.4	18.1	7.1	5.0	10.3
Average of all Companies	22.0	19.5	8.8	2.9	2.1	18.4	8.7	7.5	9.5

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Owing to the general fall in interest rates, among other causes, it has become increasingly difficult to obtain attractive mortgages. The proportion of assets so invested, including policy loans, has fallen steadily in recent years. A further reduction occurred last year in British Government stocks, and in Foreign and Colonial Government and Municipal securities. On the other hand, Debenture, Preference and Ordinary holdings each showed further expansion. The following table gives the average distribution of all the companies for each of the last four years:—

Class of Assets	Year			
	1932	1933	1934	1935
Mortgages, including loans on policies ...	27.2	24.2	22.8	23.0
British Government securities	20.4	22.0	21.3	19.6
Indian, Colonial and Foreign Govern- ment securities	9.5	9.7	9.2	8.8
British municipal and county stocks.....	2.1	2.9	2.9	2.9
Indian, Colonial and Foreign municipal securities	3.0	2.8	2.9	2.7
Debenture stocks	15.9	16.4	17.7	18.4
Preference and guaranteed stocks.....	6.7	6.8	7.6	8.7
Ordinary stocks	5.1	5.6	6.4	7.5
Reversionary interests, properties and other assets	10.1	9.6	9.2	9.5

Clerical, Medical and General.—The system of bonus distribution is quite distinctive, and the amount of reversionary bonus allotted varies with the age at entry and the time a policy has been in force. The rates of bonus declared show a slight reduction compared with 1930, and are equal to the average rates declared during the decennium 1921-1930. It is of special interest, in view of other expressions as to the bonus outlook, to note the official statement that there is "every indication that the 1936 scale of bonuses will be maintained." The very large increase in the carry-forward appears to be due to the existence on the last occasion of a separate bonus maintenance reserve of £400,000, which is included on this occasion in the carry-forward. Bonuses under policies participating for the first time vary from 44s. per cent. at the younger ages to over 70s. per cent. at the higher ages. For longer durations the rates are much higher.



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 Applications for Agencies Invited
ALFRED SKEGGS, F.C.I.I., Managing Director

Equitable.—The bonus reserve method was used. The future rates of bonus assumed are on the scale now declared, which is practically the same as on the last occasion. In the non-profit class the rate of interest assumed at the valuation was reduced from 4 per cent. to 3½ per cent., and in the participating section the increased carry-forward is stated to be sufficient to meet the cost of a reduction from 4 per cent. to 3½ per cent. at the next valuation in 1940, should such a change be then considered desirable. In the whole life class the bonus rate is 15s. per cent., calculated on the sum assured multiplied by the number of years a policy has been in force, and subject to a minimum of 30s. per cent. for each year of the past quinquennium. In the endowment assurance class the rate of bonus is 30s. per annum, calculated on the sum assured and existing bonuses plus 15s. per cent. per annum calculated on the sum assured, and payable only in the event of survival to the end of the endowment term.

General.—The rate of bonus has been reduced from 35s. per cent. to 30s. per cent., both calculated on the sum assured.

London Assurance.—The rate of bonus in the present series is 45s. per cent., calculated on the sum assured and existing bonuses for whole life policies (same), and 40s. per cent. for endowment assurances against 45s. per cent. five years ago. The cost of the change made in the rate of interest assumed from 2½ per cent. to 2¼ per cent. has been met out of trading surplus.

Northern.—The rate of bonus has been reduced from 50s. per cent. to 45s. per cent., both calculated on the sum assured.

North British and Mercantile.—The rate of bonus is reduced by 4s. per cent. to 36s. per cent., calculated on the sum assured and existing bonuses. The basis of valuation has been

strengthened by the use of A 1924-29 2½ per cent. instead of OM 3 per cent., and the cost of the change has been met out of trading surplus. Practically the whole of the remaining surplus is required to meet the cost of the policyholders' bonus, leaving the allocation to shareholders to be met otherwise.

Norwich Union.—The reversionary bonus varies with the age, duration and plan of assurance. The generous rates declared are on the same scale as in 1930, and vary from 54s. per cent. to 95s. per cent. for whole life and from 38s. per cent. to 60s. per cent. for endowment assurances. Nevertheless, the cost of the distribution is well within the trading surplus. In 1931 a depreciation of £1,100,000 was written off, but although the aggregate market value of the stock exchange securities on December 31, 1935, was much in excess of the book values, it was decided not to write up the latter.

Phoenix.—Rate of bonus, 50s. per cent. for whole life policies and 46s. per cent. for endowment assurances, both calculated on the sum assured (same).

Royal Exchange.—The rate of bonus was 40s. per cent. (same), calculated on the sum assured and existing bonuses.

Scottish Amicable.—The directors, preferring to take a cautious view of the outlook, reduced the rate of bonus from 42s. 6d. per cent. to 40s. per cent., calculated on the sum assured and existing bonuses, and strengthened the valuation by reducing the future rate of interest from 2½ per cent. to 2¼ per cent. £120,000 has also been written off securities.

Scottish Life.—The rate of bonus was reduced from 48s. per cent. to 42s. per cent., both calculated on the sum assured. The valuation rate of interest was reduced from 3 per cent. to 2½ per cent., and £125,000 credited to staff pensions compared with £17,000 on the last occasion.

VALUATION RESULTS (in £000's)

Name of Company	Year of Valuation	Source of Surplus			Total Surplus	Allocation of Surplus			
		Profit Brought Forward	Trading Profit	Investment Profit Brought into Account		Policyholders	Shareholders	Investment and other Reserves	Profit Carried Forward
Annual Valuations									
Britannic—	1934	117	367	...	484	253	33	60	188
(a) Ordinary Branch.....	1935	138	390	...	528	265	34	105	194
(b) Industrial Branch	1934	128	685	...	793	237	265	165	128
	1935	126	682	...	808	238	265	165	140
Co-operative—	1934	75	209	...	284	231	...	...	63
(a) Ordinary Branch.....	1935	63	236	...	299	233	...	...	66
(b) Industrial Branch	1934	105	127	...	232	153	...	...	79
	1935	79	201	...	280	181	...	...	99
London Life	1934	347	527	148	1,022	388	...	388	261
	1935	251	502	444	1,197	491	...	558	148
London and Manchester—	1934	201	363	...	564	303	10	20	261
(a) Ordinary Branch.....	1935	231	395	...	628	328	15	20	263
(b) Industrial Branch	1934	129	270	...	399	106	113	50	130
	1935	130	273	...	403	113	109	50	181
Pearl—	1934	292	1,171	...	1,463	780	195	126	362
(a) Ordinary Branch.....	1935	362	1,061	...	1,423	829	205	140	349
(b) Industrial Branch	1934	650	1,179	...	1,829	604	400	174	651
	1935	651	1,546	...	2,197	638	410	510	639
Prudential—	1934	551	3,176	371	4,098	2,435	257	784	622
(a) Ordinary Branch.....	1935	622	2,503	222	3,347	2,810	265	14	558
(b) Industrial Branch	1934	618	6,183	950	7,651	4,510	868	1,286	967
	1935	967	6,588	...	7,575	3,971	876	1,180	578
Refuge—	1934	627	1,123	...	1,750	914	102	100	634
(a) Ordinary Branch.....	1935	634	1,118	...	1,752	933	104	75	640
(b) Industrial Branch	1934	125	303	...	428	148	48	100	132
	1935	132	248	...	380	126	46	75	133
Standard	1934	31	445	...	476	344	...	100	32
	1935	32	468	...	500	369	...	100	31
Wesleyan and General—	1934	101	157	7	265	135	...	41	99
(a) Ordinary Branch.....	1935	86	154	6	249	136	...	58	55
(b) Industrial Branch	1934	88	174	9	281	82	...	100	99
	1935	99	176	8	283	54	...	127	102
Triennial Valuations									
Beacon	1930-32	7	288	4	299	238	13	15	38
	1933-35	33	235	4	272	242	10	5	15
United Kingdom Provident.....	1930-32	225	1,597	900	2,422	1,545	...	800	277
	1933-35	277	1,706	300	2,283	1,583	...	900	400
Quinquennial Valuations									
Clerical, Medical and General	1926-30	37	1,371	21	1,429	1,167	140	80	83
	1931-35	82	2,270	87	2,439	1,499	179	75	686
Equitable	1927-30	215	336	15	566	516	...	...	50
	1931-35	50	653	...	703	522	...	39	142
General*	1926-30	...	871	...	...	...	...	...	...
	1931-35	107	941	...	1,083	578	96	282	107
London Assurance.....	1926-30	87	896	25	1,008	771	107	...	170
	1931-35	178	845	33	1,056	665	125	40	178
Northern Assurance	1926-30	55	3,205	28	3,286	672	110	40	234
	1931-35	125	3,054	967	3,546	2,739	422	...	125
North British and Mercantile.....	1926-30	254	4,526	...	4,442	3,036	337	...	173
	1931-35	451	6,151	1,091	5,511	3,991	...	...	451
Norwich Union	1926-30	127	1,380	...	...	5,088	...	...	419
	1931-35	178	1,596	...	1,807	896	188	260	178
Phoenix*	1926-30	189	1,144	...	1,774	1,320	208	100	146
	1931-35	161	1,314	...	1,475	1,072	...	100	161
Royal Exchange	1926-30	25	861	...	886	1,188	...	120	167
	1931-35	32	874	180	1,056	787	40	45	32
Scottish Amicable.....							41	198	33
Scottish Life									

* Not yet published.

III.—OTHER INSURANCE

FIRE INSURANCE

The following tables relate to twenty-two large composite offices, which in many cases include subsidiary companies. In reality, therefore, the totals embrace a much larger number of offices. There is, however, no duplication in the tables. The total premium income shows a relatively small reduction from the 1934 figure, to the 1933 level. Both commission and expense ratios are a little higher. The claims ratio, following a substantial reduction in 1933 and 1934, fell further to 40.0 per cent., resulting in the highly satisfactory profit ratio of 12.5 per cent. of the premium income. The unusually favourable experience in the United States in the last two years has contributed very largely to the improved results. The Alliance, however, does not transact business

in the United States and is almost alone in showing a reduction, though almost insignificant in amount, in profits. This office is known to possess a very select class of business in this country, and as usual its results are excellent; as in 1934, its profit ratio is only surpassed by the General Accident. The Century has the highest commission ratio, and due to this fact has the lowest profit ratio; this, however, at 7.3 per cent. of the premium income, compares with the average of 4 per cent. for the offices in 1932. The fall in Guardian profits is partly illusory; it will be noticed that owing to the fall in premium income in 1934 there was a release from the unexpired risk reserve of £67,000, which was included in the 1934 profits.

FIRE—GENERAL RESULTS, 1931-35

	1931		1932		1933		1934		1935	
	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums
Claims	£24,646,840	51.2	£24,254,822	52.0	£20,326,688	46.3	£18,567,890	42.2	£17,543,429	40.0
Commission	9,428,648	19.6	9,153,329	19.6	8,675,299	19.8	8,840,713	20.1	8,889,005	20.3
Expenses	12,687,223	26.3	12,472,801	26.8	12,062,568	27.6	11,952,100	27.2	11,988,897	27.3
Increase in reserve for unexpired risk	—1,000,261	—2.1	—1,145,832	—2.4	—988,488	—2.3	141,827	3.2	63,937	—1.1
Profit	2,420,936	5.0	1,874,845	4.0	3,767,467	8.6	4,514,838	10.3	5,458,580	12.5
Premiums	48,181,386		46,609,765		43,841,534		44,047,368		43,815,974	

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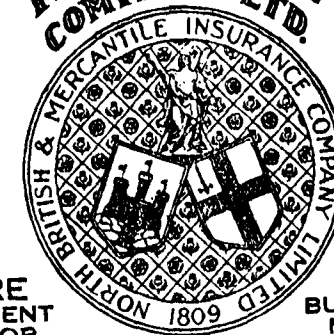
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MOTOR
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TOTAL INCOME EXCEEDS
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EDINBURGH 64, PRINCES STREET, 2

FIRE—INDIVIDUAL OFFICES, 1934-35

Company	Year	Claims		Commission		Expenses		Increase in Reserve for Unexpired Risk		Profit		Premiums
		Amount	Per-centage of Pre-miums	Amount	Per-centage of Pre-miums	Amount	Per-centage of Pre-miums	Amount	Per-centage of Pre-miums	Amount	Per-centage of Pre-miums	
Alliance	1934	710,443	34.5	300,619	14.6	622,225	30.4	15,170	+ 7	408,144	19.8	2,036,601
	1935	734,183	34.9	320,044	15.2	625,751	29.8	18,591	+ 9	404,531	19.2	2,103,080
Atlas	1934	775,855	43.7	386,364	21.8	441,087	24.8	6,533	+ 4	185,982	9.3	1,775,801
	1935	757,043	43.0	393,804	22.4	433,479	24.6	6,740	+ 4	181,564	10.4	1,758,850
Caledonian	1934	360,268	47.8	180,613	23.9	167,343	22.2	5,763	+ 8	40,295	5.3	733,294
	1935	311,974	42.5	176,697	24.1	170,518	23.2	8,394	+ 1.1	82,499	11.3	730,963
Century	1934	132,167	42.5	86,827	27.9	67,452	21.7	14,224	+ 4.6	10,933	3.3	331,506
	1935	135,372	40.9	95,229	28.7	68,359	20.6	8,217	+ 2.6	24,329	7.3	337,420
Commercial Union	1934	2,252,418	41.9	959,532	17.0	1,737,325	32.3	16,780	+ 3	442,305	8.2	5,374,429
	1935	2,064,413	39.2	945,186	18.0	1,698,135	32.2	43,348	+ 8	602,063	11.4	5,266,449
Eagle Star and British Dominions	1934	352,108	43.3	180,650	22.2	233,132	28.7	947	+ 2	45,825	5.6	812,680
	1935	328,862	40.7	181,777	22.5	229,138	28.3	1,829	+ 2	70,139	8.7	798,087
Employers' Liability	1934	155,173	45.7	68,692	20.2	100,090	29.5	8,827	+ 2.6	24,455	7.2	336,583
	1935	146,958	41.0	68,274	19.1	103,208	28.8	7,388	+ 2.1	32,224	9.0	338,086
General Accident	1934	199,680	33.7	117,317	19.8	132,544	22.3	7,069	+ 1.2	136,456	23.0	642,319
	1935	207,254	32.3	135,993	21.2	134,847	21.0	24,829	+ 3.8	139,396	21.7	1,108,833
Guardian	1934	465,782	42.0	215,948	19.5	305,811	27.4	66,938	+ 6.0	189,332	17.1	1,110,484
	1935	432,581	38.9	215,856	19.3	314,072	28.3	212	+ 0.1	148,743	13.6	1,060,876
Liverpool and London and Globe	1934	1,633,889	41.2	860,979	21.7	1,039,532	26.2	11,881	+ 4	414,685	10.6	3,960,629
	1935	1,568,191	40.1	861,426	21.7	1,028,409	26.0	138	+ 0.1	482,741	12.2	3,960,629
London Assurance	1934	958,546	46.1	495,374	23.9	466,395	23.5	7,693	+ 4	146,678	7.1	2,074,338
	1935	932,868	44.5	488,850	23.3	467,309	23.3	833	+ 0.1	186,184	8.9	2,044,102
London and Lancashire	1934	1,084,740	38.2	517,591	18.2	822,480	28.9	29,341	+ 1.0	387,980	13.7	2,812,403
	1935	1,057,434	37.6	519,504	18.5	803,555	28.5	11,879	+ 4	443,789	16.8	3,366,132
North British and Mercantile	1934	1,325,879	39.4	693,195	20.6	863,110	28.6	26,044	+ 8	437,904	13.6	3,362,866
	1935	1,262,333	37.2	735,178	21.8	917,013	27.1	6,694	+ 2	461,648	13.7	1,947,999
Northern	1934	856,344	44.0	412,629	21.2	543,605	27.9	2,788	+ 1	132,335	6.8	1,936,110
	1935	788,213	40.7	407,762	21.1	541,857	28.0	4,635	+ 2	202,913	10.4	1,730,593
Norwich Union	1934	814,318	47.1	344,768	19.9	488,626	28.2	21,751	+ 1.2	104,432	6.0	2,761,126
	1935	726,296	43.5	336,300	20.1	480,697	28.3	24,186	+ 1.4	151,019	9.0	2,664,407
Phoenix	1934	1,226,578	44.2	629,984	22.6	677,239	24.3	44,000	+ 1.6	204,106	7.3	2,761,126
	1935	1,118,729	42.0	604,804	22.7	676,875	25.4	47,000	+ 1.8	311,071	11.7	2,664,407
Prudential	1934	440,578	47.5	192,649	20.7	212,083	22.8	8,567	+ 9	75,585	8.1	923,597
	1935	429,704	46.4	195,972	21.2	224,933	24.4	2,947	+ 2	75,335	8.2	923,597
Royal	1934	2,377,534	42.8	1,141,856	20.4	1,450,490	26.0	22,511	+ 4	594,920	10.6	5,587,311
	1935	2,211,928	39.7	1,142,849	20.6	1,494,459	26.9	11,764	+ 2	720,631	13.0	5,537,903
Royal Exchange	1934	624,674	43.6	313,035	21.9	364,138	25.4	11,959	+ 8	142,408	9.9	1,432,296
	1935	579,681	39.1	329,944	22.2	364,299	24.5	20,613	+ 1.4	189,292	12.8	1,483,629
Scottish Union and National	1934	436,422	43.1	193,683	19.1	266,466	26.4	28,434	+ 2.6	88,937	8.8	1,011,512
	1935	412,314	40.8	197,618	19.5	268,404	26.6	172	+ 0.1	133,348	13.2	1,011,512
Sun	1934	868,435	42.3	398,114	17.0	708,867	30.3	34,102	+ 1.6	208,295	8.9	2,337,813
	1935	869,263	39.2	389,837	17.0	679,203	29.6	14,496	+ 6	310,556	13.6	2,337,813
Yorkshire	1934	428,061	46.5	150,276	16.4	241,860	26.4	5,011	+ 5	85,526	10.2	916,740
	1935	417,855	45.8	148,381	16.3	244,377	26.8	1,695	+ 2	103,585	11.3	912,503
Totals	1934	18,597,890	42.2	8,840,713	20.1	11,952,100	27.2	141,827	+ 3.2	4,514,838	10.3	44,047,368
	1935	17,543,429	40.6	8,886,005	20.3	11,868,897	27.3	63,937	+ 1	4,548,580	12.5	43,815,974

MARINE INSURANCE

Marine insurance premium income in 1935 was in the aggregate only slightly below that of the previous year; but the amount transferred as profit was approximately 10 per cent. smaller.

The general tone of the chairmen's speeches, as in each year of the recent past, was of almost unrelieved gloom. It is emphasised that the market is much too large for available business. This is caused to a large extent by the fall in values and rates. In the last few years the rates appear to have decreased in general by about 30 per cent.; nevertheless, the profits for which credit is taken are not unsatisfactory. They compare quite well with fire profits, and are much better than the results shown in accident and miscellaneous insurance. It must be remembered that the marine premium income of any year has to serve claims not only of that year, but also of a number of future years, so that the full effect of the rate reductions of the last few years has yet to be felt, particularly in view of the increased cost of repairs. As an offset to these rate reductions, one effect of the depression in shipping has been the large number of old vessels broken up, leaving a higher average type of vessel in commission. During these difficult years of almost continuous decline in premium income, the funds have suffered comparatively small reduction. The marine funds in the aggregate are very strong, amounting to about 170 per cent. of the current premium income. During the year the international situation led to a scale of rates for war risk, which is revised from time to time under agreement between the companies and Lloyds.

It is the practice of those offices who confine their activities mainly to this class of business to leave the underwriting account open for two years. The account is then

closed by taking the unexpended balance of the first year's premiums to profit and loss, after making suitable provision for further claims by a transfer to a suspense account. Hence the 1935 report shows the profit which, it is estimated, emerges from the 1934 premiums. The following table gives the results obtained during the past five years by representative marine companies:—

Office	Account	Premiums	Claims and Suspense	Expenses	Surplus or Deficit
British and Foreign	1930	454,580	308,045	95,391	51,144
	1931	481,573	345,603	97,855	38,115
	1932	431,189	298,548	99,143	33,498
	1933	371,539	268,117	97,202	6,220
	1934	389,127	262,890	98,650	27,587
Indemnity	1930	361,649	337,374	24,275	None
	1931	382,224	322,889	23,355	16,000
	1932	371,370	327,856	23,514	20,000
	1933	316,256	275,228	21,028	20,000
	1934	348,266	311,971	21,295	15,000
Merchants	1930	279,225	237,110	42,115	Def. 10,000
	1931	247,396	192,491	40,571	14,334
	1932	225,328	171,719	37,741	15,868
	1933	180,188	145,374	32,949	1,865
	1934	166,766	129,097	33,082	4,587
Sea	1930	586,334	501,632	44,337	40,363
	1931	521,004	409,845	44,890	66,269
	1932	536,793	438,007	47,089	51,697
	1933	478,092	377,926	46,956	53,210
	1934	475,505	400,705	36,336	38,464

The general practice of composite offices is to present their marine accounts in the form used for their fire and accident business. The claims are thus to a large extent unrelated to the premiums appearing in the same account. The amount transferred to profit and loss does not represent

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Age at Entry	Sum Assured	Bonuses	Total Claim	Average Annual Bonus for each £100 assured
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22	£500	£579 10 0	£1,079 10 0	£3 4 0
28	£500	£683 16 0	£1,183 16 0	£3 6 0

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the underwriting profit of any particular year or years; the results can be gauged approximately by comparison of the total premiums received over a period of years with the total claims and expenses in the same period.

The following table refers to five composite offices doing a large marine business:—

Office	Premiums	Claims	Expenses
British Dominions:—			
1930	481,194	474,806	76,580
1931	413,794	368,709	64,759
1932	307,342	266,603	65,067
1933	266,781	220,155	64,278
1934	254,088	194,582	63,529
1935	233,326	183,037	60,165
	1,959,505	1,707,892	394,386
		= 87.2%	= 20.1%
Commercial Union:—			
1930	698,828	319,700	140,191
1931	733,757	329,151	152,006
1932	587,098	317,600	184,570
1933	534,405	253,031	153,565
1934	542,583	277,883	133,911
1935	584,835	328,734	137,100
	3,681,596	1,826,099	881,343
		= 49.6%	= 23.9%

Office	Premiums	Claims	Expenses
Liverpool and London and Globe:—			
1930	356,212	307,404	38,024
1931	322,768	258,597	35,411
1932	295,282	242,661	35,224
1933	285,288	230,559	32,066
1934	282,413	229,997	32,411
1935	280,383	237,908	30,010
	1,832,356	1,507,121	202,178
		= 82.3%	= 11.0%
London and Lancashire:—			
1930	1,268,516	995,057	174,848
1931	1,296,045	884,160	200,377
1932	1,102,380	831,317	186,222
1933	858,310	644,868	182,605
1934	1,023,781	632,817	181,014
1935	1,041,109	666,082	182,588
	6,590,141	4,654,301	1,190,704
		= 70.6%	= 17.9%
Royal Exchange:—			
1930	652,898	602,438	91,133
1931	462,058	623,494	79,467
1932	639,839	651,971	85,748
1933	419,414	383,886	80,489
1934	574,830	482,988	76,503
1935	596,823	565,246	76,503
	3,345,857	3,209,473	488,200
		= 95.9%	= 14.7%

ACCIDENT AND MISCELLANEOUS INSURANCE

THE total premium income of the various branches of insurance coming under the above category—namely, motor, workmen's compensation, personal, accident, etc.—fell continuously for a number of years until 1934. That year witnessed a substantial increase over 1933, and last year there was further expansion. Last year's aggregate underwriting profit of the twenty-two companies included below was the best for many years, and the improved results in the United States were probably the main contributory cause. In that country, workmen's compensation business is generally unprofitable, partly owing to inadequate rates; but last year the experience was better. There was also some improvement in motor insurance results. The average percentage of profit for all the offices is

usually very small, but, as might be expected where so many branches of insurance are involved, the results of the individual companies vary considerably; for the distribution of any one company's total business between accident, motor, workmen's compensation, etc., will differ from that of any other company.

In motor insurance the tendency is for damages awards to increase; and although only a small percentage of the claims reach Court, larger sums have to be paid in cases settled without recourse to the Courts. Present premium rates were not designed to cover such heavy liabilities. In 1935, the Alliance and the North British and Mercantile again returned the best results; in no case, however, was an actual underwriting loss incurred.

MISCELLANEOUS—INDIVIDUAL OFFICES, 1934-35

Company	Year	Claims		Commission		Expenses		Increase in reserve or unexpired risk		Profit		Premiums
		Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	
Alliance	1934	574,828	47.7	181,840	15.1	296,146	24.6	18,121	1.5	133,596	11.1	1,204,631
	1935	601,824	48.3	181,523	14.6	302,413	24.8	16,131	1.3	143,067	11.6	1,244,958
Atlas	1934	224,632	45.2	70,861	14.3	137,768	27.7	15,962	3.2	46,999	9.6	496,212
	1935	239,471	43.9	74,203	13.6	149,558	27.4	43,362	7.9	39,375	7.2	545,960
Caledonian	1934	280,474	57.2	99,698	21.9	85,773	18.8	3,623	—	13,481	3.0	485,674
	1935	285,177	54.7	96,584	20.0	86,742	18.6	14,857	3.1	15,481	3.4	544,124
Century	1934	132,318	64.2	42,028	17.6	54,540	22.3	1,062	—	15,486	6.3	244,124
	1935	128,808	60.8	42,028	16.6	59,252	23.4	6,356	2.6	16,900	6.7	233,344
Commercial Union	1934	4,132,690	55.7	1,335,476	18.0	1,753,400	23.9	194,028	2.6	9,140	—	7,924,704
	1935	4,129,542	54.3	1,327,319	17.4	1,820,070	23.9	194,028	2.6	9,140	—	7,924,704
Eagle Star and British Dominions	1934	807,106	46.4	354,927	20.0	443,379	25.0	73,906	1.0	258,630	3.4	7,608,467
	1935	926,869	43.2	423,157	19.7	503,490	23.6	112,637	3.3	112,637	6.3	2,145,110
Employers Liability	1934	4,229,495	65.0	1,173,648	18.0	1,153,106	17.7	246,027	3.8	138,616	6.4	6,511,097
	1935	4,096,381	62.7	1,159,465	17.7	1,095,078	16.8	—	—	260,179	—	6,535,129
General	1934	3,673,692	66.4	1,489,649	19.9	1,087,097	15.9	270,014	3.9	280,248	3.8	6,851,888
	1935	4,299,723	66.4	1,489,649	19.9	1,189,534	16.9	301,340	6.4	285,090	2.4	7,498,536
Guardian	1934	521,953	47.8	245,608	21.8	271,164	24.8	7,594	—	74,982	6.9	1,091,316
	1935	531,308	47.1	245,608	21.8	287,680	26.6	14,868	1.3	49,021	4.3	1,128,465
Liverpool and London and Globe	1934	2,647,419	59.0	864,489	19.3	806,496	18.0	—	—	69,097	—	4,488,705
	1935	2,575,376	60.0	815,554	19.0	837,757	19.5	118,773	2.6	46,538	1.1	4,293,869
London	1934	692,564	69.5	174,296	15.0	223,196	19.2	12,219	1.1	183,809	3.1	1,168,105
	1935	696,056	65.6	194,966	15.6	227,344	18.1	14,154	1.1	60,837	5.2	1,252,590
London and Lancashire	1934	1,023,196	50.4	384,724	19.0	496,177	24.5	46,277	2.3	77,816	3.8	2,028,190
	1935	1,159,838	52.1	396,317	18.1	515,555	23.6	64,196	2.9	72,716	3.3	2,188,582
Motor Union	1934	809,717	52.7	278,942	19.1	355,237	23.1	31,011	2.1	61,821	4.0	1,536,728
	1935	846,654	52.7	291,259	19.2	345,430	21.8	27,675	1.7	94,898	5.9	1,605,916
North British and Mercantile	1934	522,672	46.4	182,660	16.3	296,818	26.0	—	—	143,134	13.7	1,124,327
	1935	492,674	40.7	190,504	15.7	286,852	23.7	—	—	89,684	7.7	1,366,136
Northern	1934	770,770	48.2	267,682	16.7	393,979	24.6	47,464	2.8	100,236	6.3	1,671,322
	1935	788,584	47.2	275,635	16.6	417,603	25.0	—	—	142,256	8.6	1,680,207
Norwich Union	1934	1,097,272	66.3	299,823	17.8	388,831	25.2	12,980	—	80,739	—	1,433,562
	1935	997,666	64.6	228,690	15.7	365,613	25.2	—	—	12,000	—	3,399,910
Phoenix	1934	1,902,808	57.0	646,181	19.4	773,324	23.4	42,000	1.2	139,247	4.0	3,443,634
	1935	1,896,094	53.3	656,085	19.4	773,324	23.4	42,000	1.2	139,247	4.0	3,443,634
Prudential	1934	625,138	68.3	163,889	16.6	270,206	22.6	29,884	3.0	—	—	969,350
	1935	616,479	56.1	173,241	15.8	242,022	21.6	51,087	4.6	15,441	1.4	1,098,270
Royal	1934	2,754,718	53.7	931,102	18.1	1,217,969	22.7	82,049	1.0	181,698	2.5	5,187,463
	1935	2,690,127	58.0	891,047	17.3	1,272,310	24.7	9,038	—	297,106	8.6	6,190,177
Scottish Union and National	1934	133,966	48.7	36,319	13.2	76,489	28.6	17,210	6.3	8,984	3.9	274,868
	1935	160,330	61.6	42,574	13.6	87,443	28.0	18,144	6.8	3,513	1.1	312,004
Sun	1934	1,027,076	67.9	396,829	19.0	308,697	17.4	66,450	3.7	35,671	3.0	1,774,923
	1935	1,167,078	64.6	346,246	19.2	306,332	16.5	—	—	24,785	1.8	1,884,086
Yorkshire	1934	727,340	57.2	244,044	19.2	286,896	28.7	22,567	1.8	11,873	—	1,270,937
	1935	699,651	55.6	236,252	18.8	298,376	28.9	2,194	—	96,636	8.9	1,268,718
All Offices		29,492,132	55.7	9,664,149	18.2	11,105,748	21.6	1,246,772	2.6	951,225	1.8	52,980,021
		29,825,749	55.0	9,781,126	18.0	11,462,250	21.1	803,552	1.6	2,373,656	4.6	64,346,336

ACCIDENT AND MISCELLANEOUS—GENERAL RESULTS, 1932-35

	1932		1933		1934		1935	
	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums
Claims	30,106,755	56.2	28,247,637	56.5	29,492,132	55.7	29,825,749	55.0
Commission	9,418,438	18.5	9,301,272	18.6	9,664,149	18.2	9,781,126	18.0
Expenses	11,029,332	21.7	10,953,811	21.9	11,105,748	21.0	11,462,250	21.1
Increase in reserve for unexpired risk	1,343,748	2.6	28,435	.1	1,246,772	2.4	803,552	1.6
	1,629,874	3.2	1,423,553	2.8	951,225	1.8	2,373,656	4.4
Premiums	50,843,651		49,954,708		52,980,021		54,246,335	

BRITISH INSURANCE COMPANIES IN U.S.A.

THE 1935 reports of the large British composite companies have for the most part presented a cheering picture of very satisfactory fire profits—in some cases record profits—while in the accident and general branches improved results have also been common. Approximately one-half of the total premium income of these companies in both the fire and miscellaneous branches of insurance is obtained in the U.S.A., and it has been generally understood that the improved results last year were largely due to better conditions in that country. That this belief has not been ill founded is borne out by the tables which follow. The figures in these tables are based on the official reports of the companies as furnished to the American Insurance Authorities and published by the Spectator Company of New York; underwriting profits having been adjusted to conform with the British practice of allowing for an unex-

pired reserve equal to 40 per cent. of the premium income. The exchange is taken at £1 = \$4.86½ throughout. The aggregate results in the U.S.A. of eleven British companies or groups of companies in the miscellaneous branches of insurance are given in the following table:—

PREMIUMS AND PROFITS, 1929-35

Year	Premiums	Underwriting Profit Amount	Underwriting Profit Percentage of Premiums
1929	28,423,000	+ 78,000	+ 0.3
1930	27,065,000	— 439,000	— 1.6
1931	24,953,000	— 168,000	— 0.7
1932	22,312,000	— 377,000	— 1.7
1933	22,613,000	— 16,000	— 0.1
1934	23,657,000	— 275,000	— 1.2
1935	22,795,000	+ 434,000	+ 1.9

4 SPECIAL POINTS about Our New CHILD'S OPTIONAL POLICY

- 1 Provision is made for a cash sum to be payable when a child comes of age, whether or not the parent survives.
- 2 No medical examination of either parent or child is normally required.
- 3 A rebate of Income Tax on the premium is allowed.
- 4 When the child comes of age, a substantial life policy may be taken out for him (or her) at an extremely low rate, and without medical examination, if preferred to acceptance of the assured sum.

UNITED KINGDOM PROVIDENT INSTITUTION

Head Office: 196 Strand, London, W.C.2

London & Manchester Assurance Company, Ltd.

The experience of individual offices in the past two years is next shown:—

FIGURES FOR EACH OFFICE, 1934-35

Company or Group of Companies	1934			1935		
	Premium Income	Underwriting Profit or Loss		Premium Income	Underwriting Profit or Loss	
		Amount	Percentage of Premium Income		Amount	Percentage of Premium Income
1. Commercial Union	2,497,000	203,000	- 8.1	2,363,000	91,000	- 3.8
2. Employers' Liability	6,902,000	109,000	- 1.6	6,881,000	49,000	+ 0.7
3. General Accident	3,325,000	328,000	+ 9.8	3,502,000	263,000	+ 7.5
4. Liverpool & London & Globe	3,214,000	93,000	- 2.9	2,914,000	198,000	+ 6.7
5. London and Lancs.	559,000	9,000	- 1.6	613,000	2,000	- 0.4
6. Norwich Union	480,000	99,000	-20.5	197,000	56,000	-28.5
7. Phoenix	2,105,000	21,000	+ 1.0	2,122,000	89,000	+ 4.2
8. Royal	3,137,000	27,000	- 0.9	2,900,000	167,000	+ 5.8
9. Royal Exchange	298,000	44,000	-15.0	291,000	12,000	- 4.3
10. Sun	933,000	15,000	+ 1.6	835,000	178,000	-21.0
11. Yorkshire	208,000	53,000	-25.1	187,000	7,000	+ 4.3
	23,657,000	275,000	- 1.2	22,795,000	434,000	+ 1.9

Of the two main branches of miscellaneous insurance, some further improvement took place in workmen's compensation insurance, while motor insurance results were slightly less unfavourable than in 1934. On the whole, however, conditions are still very difficult, and leave plenty of scope for improvement.

Fire losses in the U.S.A., on the other hand, have shown a remarkable decline in the last few years. Official estimates show that total losses in post-war years have varied between about \$450 and \$550 millions until 1931. In the succeeding three years the figures were \$400, \$270, and \$200, but for 1935 the estimate is only \$180 millions. So far as 1936 is concerned, experience to date suggests that fire losses will be considerably higher than in 1935, and the effect of 1935 reductions in rates will be felt over the whole year.

In the tables at the head of the final column we give the aggregate results of 21 British companies or groups of companies, which transact fire business in the U.S.A. for each year from 1929 to 1935, and the figures for individual companies during the past two years.

Unfortunately, future results depend not only on actual fire losses, but also on the rates of premium allowed by

GENERAL RESULTS

Year	Premium Income	Underwriting Profit or Loss	Percentage of Premium Income
1929	31,225,000	+2,236,000	+ 7.1
1930	27,688,000	+ 647,000	+ 2.3
1931	25,814,000	- 41,000	- 0.2
1932	23,546,000	- 507,000	- 2.2
1933	22,851,000	+1,430,000	+ 6.3
1934	24,314,000	+1,614,000	+ 6.6
1935	24,507,000	+2,471,000	+10.1

INDIVIDUAL FIGURES

Company or Group of Companies	1934			1935		
	Premium Income	Underwriting Profit or Loss		Premium Income	Underwriting Profit or Loss	
		Amount	Percentage of Premium Income		Amount	Percentage of Premium Income
1. Atlas	646,000	+ 22,000	+ 3.4	687,000	+ 71,000	+10.8
2. Eagle Star and Brit. Dominions	494,000	- 15,000	- 3.0	440,000	+ 19,000	+ 4.2
3. Caledonian	388,000	+ 11,000	+ 2.8	374,000	+ 22,000	+ 5.9
4. Commercial Union	2,822,000	+ 80,000	+ 1.9	2,538,000	+ 303,000	+11.9
5. Century	328,000	+ 7,000	+ 2.1	364,000	+ 22,000	+ 6.3
6. Employers' Liab.	394,000	+ 40,000	+10.2	410,000	+ 45,000	+11.1
7. General Accident	312,000	+ 4,000	+ 1.2	345,000	+ 22,000	+ 6.4
8. London Assurance	881,000	+ 61,000	+ 6.9	881,000	+ 110,000	+12.6
9. London and Lancs.	1,489,000	+ 153,000	+10.3	1,431,000	+ 198,000	+13.8
10. North Brit. and Merc.	3,243,000	+ 265,000	+ 8.2	3,300,000	+ 398,000	+12.1
11. Northern	803,000	+ 47,000	+ 5.9	788,000	+ 72,000	+ 9.1
12. Norwich Union	645,000	+ 21,000	+ 3.3	613,000	+ 64,000	+10.4
13. Phoenix	1,285,000	+ 75,000	+ 5.8	1,238,000	+ 138,000	+11.0
14. Prudential	612,000	+ 28,000	+ 4.2	528,000	+ 75,000	+14.2
15. Pearl	1,200,000	+ 226,000	+18.8	1,518,000	+ 7,000	+ 0.5
16. Royal	4,041,000	+ 371,000	+ 9.2	4,088,000	+ 384,000	+ 9.4
17. Liverpool & London & Globe	2,202,000	+ 198,000	+ 9.0	2,225,000	+ 258,000	+11.6
18. Royal Exchange	610,000	+ 5,000	+ 0.8	644,000	+ 46,000	+ 7.1
19. Scot. Un. & Natl.	686,000	+ 35,000	+ 5.1	685,000	+ 80,000	+11.8
20. Sun	852,000	+ 33,000	+ 3.9	872,000	+ 109,000	+12.6
21. Yorkshire	561,000	- 21,000	- 3.7	540,000	+ 23,000	+ 4.1
	24,314,000	+1,614,000	+ 6.6	24,507,000	+2,471,000	+10.1

the various State Departments; and on taxation, which seems unlikely to become less onerous. State Departments also are generally quicker to discover a pretext for reducing the rates than to recognise claims for increasing them as a result of unfavourable underwriting experience. On the whole, it would seem that the fire results last year must be regarded as exceptional.

THE ECONOMIST

TRADE SUPPLEMENT

New Series

SATURDAY, JULY 25, 1936

No. 158

With this issue our Index of Business Activity appears calculated on a new base (1935=100). Details will be found in subsequent pages and, in place of our usual monthly graph, readers will find overleaf a chart of the Index from 1924 to date.

THE STATE OF TRADE

An examination of the latest available data suggests that economic recovery has lost none of its momentum. The pace was artificially stimulated at the end of last year by anticipation of a coal stoppage, and an inevitable setback occurred in January. Subsequently, however, the process of expansion continued and, judging by our own index of business activity, last year's rate of progress has been well maintained. Recovery, it is true, remains patchy, and the special areas are only one degree less depressed. More over, as we point out in a leading article in this week's *Economist*, certain nebulous clouds have appeared on the horizon which may presage less settled conditions eventually. But, for the present, the barometer is "set fair," and immediate industrial prospects are good.

A further slight improvement in employment occurred last month. According to the Ministry of Labour estimate, there were some 10,832,000 insured workpeople, aged 16 to 64, in employment in Great Britain on June 22nd last—a total 1,000 above the May estimate and 441,000 (or over 4 per cent.) higher than last year's corresponding figure. During the past twelve months unemployment has fallen by 297,430 to a present figure of 1,702,676, which includes the 1,362,190 men, 251,616 women and 88,870 juveniles. The June figures would have made a better showing but for the occurrence on the day of the count of a miners' demonstration in Yorkshire, which caused a sharp increase in the numbers "temporarily stopped" in the coal-mining industry. Unemployment was reduced last month in most of the geographical areas, but showed a slight increase in the Midlands, Wales and Northern Ireland and was considerably higher in the North-eastern region.

Allowing for seasonal factors, bank clearings and postal receipts were higher last month than in May; the trend of industrial profits remained upwards and interest rates hardened little, if at all. Retail trade in June, however, was adversely affected by unseasonable weather, and when the official statistics become available next week they will probably compare unfavourably with those for the same month of 1935. Last month's imports into the United Kingdom showed a sharp increase compared with the same month of 1935, but exports of British manufactures failed to hold their own.

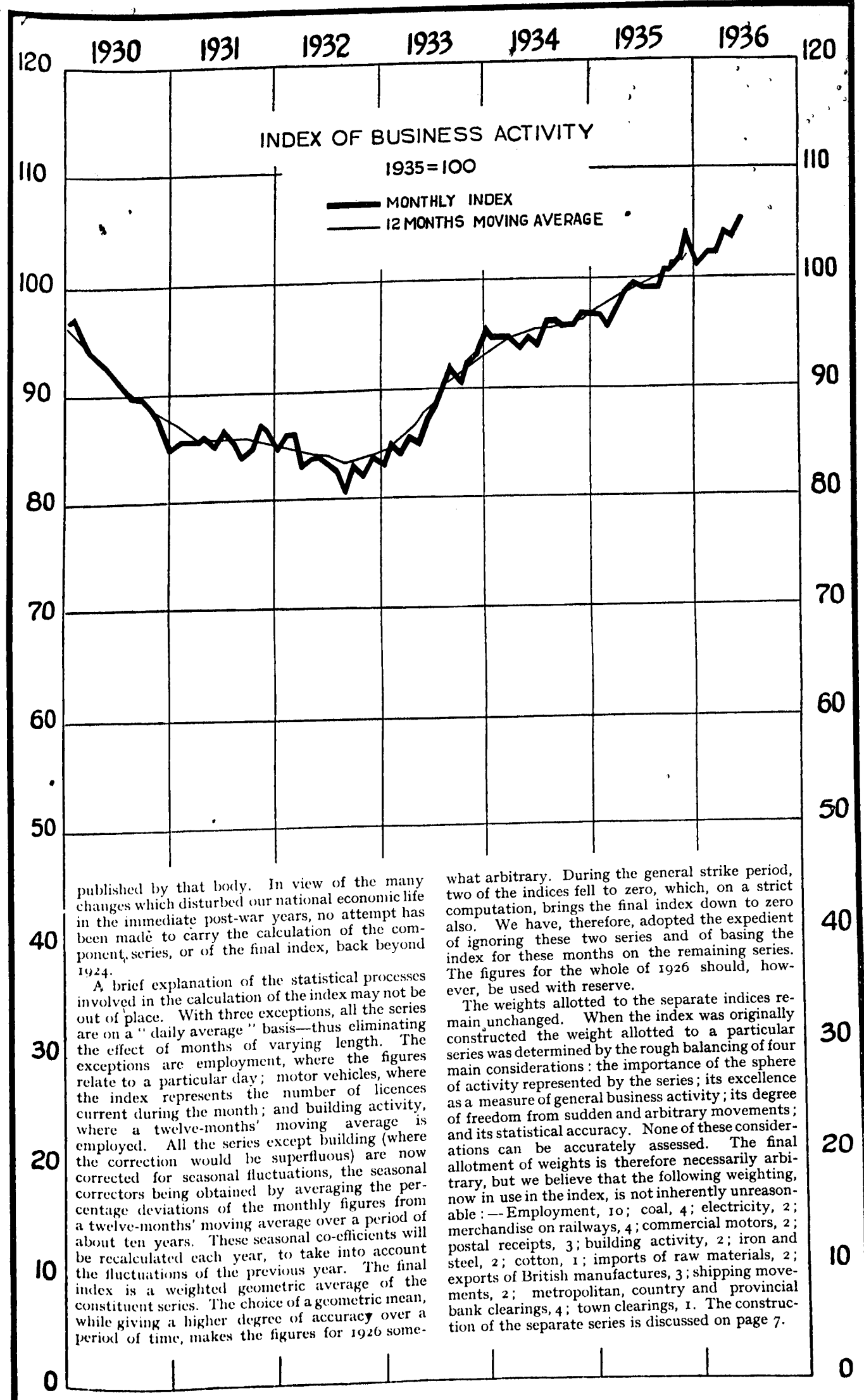
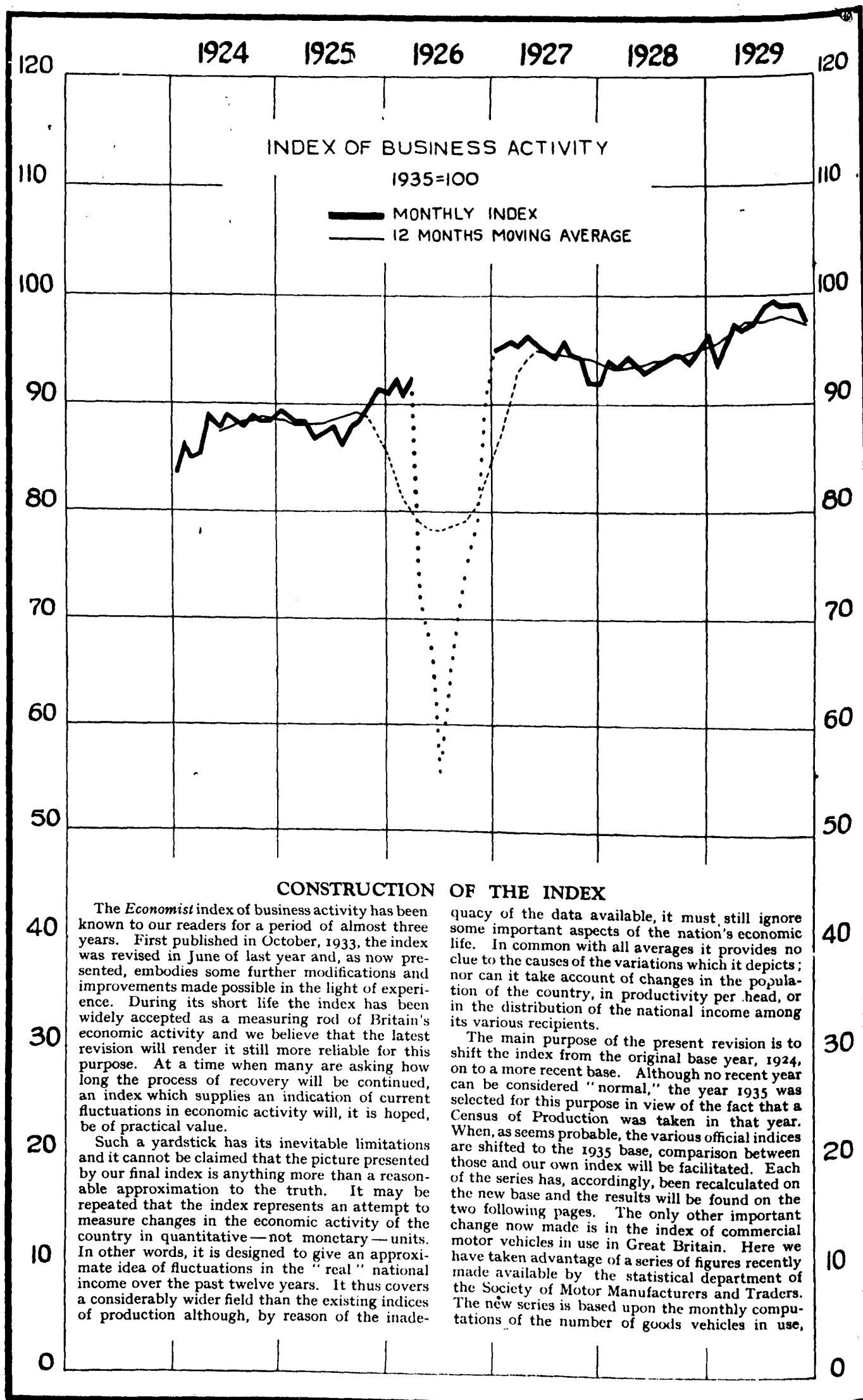
The *Economist* index of business activity, corrected for seasonal fluctuations—which appears this month on a new base (1935 = 100)—rose from 104 in May to 105½ in June, both figures being provisional. In June, 1935, the index stood at 100, after touching a low point during the depression of 81½ in September, 1932. Of the constituent series only two—merchandise on railways and exports of British manufactures—showed a decline in June. Two—employment and electricity consumption—were unchanged, and ten showed a rise.

In the vanguard of recovery the iron and steel and engineering industries still figure prominently. Indeed, all the capital equipment industries made further headway last month. The volume of re-armament and other orders

recently received by the engineering industry is reported to be sufficient to maintain the existing level of activity for nearly twelve months. On a daily basis, the output of pig iron and of crude steel was again higher in June, and there are no indications of an early setback. Building activity is still going ahead, and the total value of plans approved by 144 local authorities last month, published in the *Ministry of Labour Gazette*, was over 30 per cent. above the corresponding total for June, 1935. Though the bulk of the increase was in plans for non-residential buildings, the total plans approved for dwelling houses during the second quarter of this year, nevertheless, show a gain over the corresponding aggregate for last year. Whether increased dwelling-house construction has reached its limit, however, remains an open question, and plans already approved would not necessarily be executed in their entirety if the demand for new housing accommodation fell off. In the capital equipment industries in general, wage and other costs are now tending upwards. Professor Bowley's index of average weekly wages (published by the London and Cambridge Economic Service) now stands at 97½ (1924=100) against 95½ a year ago.

Industries like cotton textiles and coal mining, which rely to an appreciable extent on overseas markets, remain depressed. Coal exports are actually running below last year's level, partly on account of the application of "counter-sanctions" by Italy; though, unfortunately, the raising of sanctions on July 15th does not guarantee the restoration of this trade to normal. Other industries which experienced a seasonal slackening of activity last month include the footwear and clothing trades, wool textiles, linen and automobile production. The jute industry is still acutely depressed.

Business conditions overseas remain uneven. In the United States, despite the intensity of the heat-wave and the accompanying drought, no summer recession has yet appeared. Partial responsibility for this maintenance of activity is widely attributed to the unexpected volume of spending arising from the soldiers' bonus. This stimulus, however, cannot be indefinitely continued, and the threat of labour troubles in the heavy industries has not been finally dispelled. In France the outlook is a little more favourable, but business seems to be "marking time," and uncertainty remains concerning the future of the franc, under a "New Deal" which has not, as in America, been preceded by devaluation. Holland seems to have lost further ground recently, and the outlook in other gold bloc countries remains obscure. Scandinavia, on the other hand, remains relatively prosperous, and news from the British Empire is mainly favourable. South Africa, Australia and New Zealand have benefited from an improvement in the prices of their staple exports. In Canada recovery is patchy, but still continues. The decline in Argentina's exports has worsened her balance of payments. In the Far East, despite political uncertainties, business conditions show little change.



THE COMPONENT SERIES (Average of 1935 = 100)
(1) EMPLOYMENT

	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
January	90	93	95	95	97	97	98	90	91	90	96	98	101
February	91	93	95	96	97	97	97	91	91	90	96	98	102
March	91	92	95	96	97	98	96	90	91	90	97	99	103
April	92	92	96	97	97	98	95	91	90	91	97	99	104
May	92	92	96	97	97	98	94	91	90	91	97	99	104
June	92	92	96	97	97	98	94	91	90	91	97	99	104
July	92	91	95	96	96	96	94	90	89	89	96	101	...
August	92	92	92	97	96	96	94	90	89	89	96	101	...
September	92	92	92	97	96	96	94	90	88	88	96	101	...
October	91	93	93	96	96	98	92	91	90	95	98	101	...
November	92	93	93	96	96	98	92	92	90	96	98	101	...
December	92	94	92	96	96	98	91	92	90	96	98	101	...
Year	92	92	87	96	96	98	94	91	90	93	97	100	...

(2) CONSUMPTION OF COAL

	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
January	95	98	100	98	98	101	99	87	85	91	106	96	107
February	109	83	102	100	94	104	102	91	91	89	93	96	98
March	109	101	103	97	97	103	97	91	94	85	99	92	103
April	112	100	119	104	97	95	98	93	87	84	94	96	103
May	110	99	...	108	97	100	98	90	88	84	94	96	103
June	105	101	...	112	99	106	95	85	89	81	99	94	...
July	109	109	...	112	99	106	95	85	89	81	99	94	...
August	105	102	...	103	97	110	99	88	85	87	92	92	...
September	107	94	...	103	99	103	92	80	86	83	95	100	...
October	105	99	...	102	96	101	95	90	90	97	105	...	...
November	99	99	...	98	95	100	100	89	89	93	99	104	...
December	96	102	...	111	99	95	95	93	93	95	93	105	...
Year	106	101	58	104	98	103	98	92	90	90	97	100	...

* Period of dispute.

(3) CONSUMPTION OF ELECTRICITY

	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
January	42	46	48	51	56	64	65	67	66	73	84	92	104
February	...	...	...	51	56	64	65	67	66	73	84	92	104
March	...	...	...	51	56	64	65	67	66	73	84	92	104
April	...	...	...	51	56	64	65	67	66	73	84	92	104
May	45	46	45	51	56	64	65	67	66	73	84	92	104
June	...	...	...	51	56	64	65	67	66	73	84	92	104
July	...	...	...	51	56	64	65	67	66	73	84	92	104
August	47	49	47	51	56	64	65	67	66	73	84	92	104
September	...	...	...	51	56	64	65	67	66	73	84	92	104
October	...	...	...	51	56	64	65	67	66	73	84	92	104
November	45	48	50	51	56	64	65	67	66	73	84	92	104
December	...	...	...	51	56	64	65	67	66	73	84	92	104
Year	46	48	49	57	61	68	68	69	71	78	88	100	...

(4) MERCHANDISE ON RAILWAYS

	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
January	136	136	130	129	119	122	128	102	94	80	97	103	104
February	137	136	130	129	119	122	128	100	94	80	97	103	104
March	131	131	136	135	128	124	129	99	85	70	98	98	101
April	127	127	133	135	123	129	119	99	89	77	97	100	106
May	129	126	130	138	123	127	118	96	85	77	98	100	105
June	132	126	130	134	121	127	114	95	85	77	101	99	103
July	138	129	131	133	123	131	115	101	86	79	98	100	103
August	135	124	130	132	123	130	107	93	83	70	102	100	...
September	134	129	132	129	124	130	110	95	85	73	102	98	...
October	130	128	130	128	124	131	113	99	84	74	100	101	...
November	129	127	130	121	127	125	109	94	84	74	100	101	...
December	132	125	112	123	123	125	105	98	80	69	99	102	...
Year	133	129	108	133	123	127	115	98	86	89	100	100	...

(5) COMMERCIAL MOTOR VEHICLES IN USE

	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
January	45	51	57	63	69	73	78	82	85	87	93	98	104
February	45	50	57	64	69	74	79	82	85	87	93	98	104
March	45	51	57	64	69	74	79	82	85	87	93	98	104
April	46	51	58	65	69	75	80	83	86	88	94	99	104
May	47	52	59	66	70	75	80	83	86	89	95	99	104
June	47	53	59	66	70	76	80	83	86	89	95	99	104
July	48	52	59	66	70	76	80	84	86	89	95	99	104
August	49	54	60	67	71	77	81	84	86	89	95	99	104
September	49	55	61	67	71	77	81	85	86	89	95	99	104
October	50	55	61	67	71	77	81	85	86	89	95	99	104
November	51	56	62	68	73	78	82	85	87	91	95	101	...
December	50	56	62	68	73	78	82	85	87	91	95	101	...
Year	48	53	59	66	70	76	80	83	86	89	95	100	...

(6) POSTAL TRAFFIC RECEIPTS

	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
January	78	82	86	88	93	91	95	94	94	97	98	98	101
February	78	83	87	88	92	93	94	96	94	95	97	98	102
March	79	84	87	88	92	93	94	96	94	95	97	98	101
April	80	83	85	89	92	94	95	94	94	96	95	97	102
May	81	86	87	91	90	94	95	94	94	96	95	97	102
June	83	84	85	88	91	94	95	94	94	96	95	97	103
July	83	85	83	89	92	96	94	94	94	94	94	94	...
August	84	86	85	91	93	95	94	94	93	95	98	99	...
September	83	85	84	90	94	94	94	93	94	95	96	99	...
October	82	84	85	87	90	94	94	94	94	94	94	94	...
November	80	84	86	90	94	94	94	94	94	94	94	94	...
December	79	83	84	87	90	94	94	94	94	94	94	94	...
Year	81	85	84	90	93	95	96	95	94	96	97	100	...

(7) BUILDING ACTIVITY

	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
January	42	45	55	54	53	58	63	65	56	63	81	93	106
February	43	46	56	54	53	58	63	65	56	63	81	93	107
March	44	46	57	53	54	59	66	68	57	67	83	95	107
April	45	46	57	53	53	58	65	65	56	68	84	96	108
May	46	48	56	53	54	60	66	62	57	69	86	98	107
June	46	48	56	53	54	61	64	62	56	71	86	98	108
July	47	49	56	53	54	61	65	62	56	72	86	98	108
August	46	48	56	53	54	60	65	62	55	78	90	100	...
September	46	48	56	53	55	60	65	61	55	78	90	102	...
October	46	48	56	53	55	60	66	61	57	79	91	103	...
November	45	53	55	53	58	61	66	61	57	80	93	105	...
December	45	53	55	53	58	61	66	61	57	80	93	105	...
Year	45	49	56	53	54	60	65	62	57	73	88	100	...

(8) CONSUMPTION OF IRON AND STEEL

	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
January	76	82	80	148	87	83	103	68	67	54	84	96	117
February	84	85	82	142	87	81	103	73	67	57	84	96	118
March	90	80	75	129	87	81	96	70	58	60	96	97	118
April	84	86	89	136	85	88	92	59	56	60	96	97	118
May	96	77	...	111	83	85	82	57	56	60	96	97	118
June	78	76	...	103	79	83	94	58	49	62	93	95	121
July	94	74	...	98	83	94	74	69	58	60	96	97	...
August	79	78	...	99	91	110	76	70	51	74	95	104	...
September	86	81	...	97	88	110	84	68	56	79	90	105	...
October	88	71	...	95	82	111	71	78	62	75	94	102	...
November	90	81	...	95	82	111	71	78	62	75	94	102	...

HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of July. In the remainder they relate to the month of June.

COAL

The coal mining industry experienced a seasonal recession in June, but the output of saleable coal, at 16,865,100 tons, was a little above last year's level. The sharp increase in the number of workers temporarily stopped was partly accounted for by the annual demonstration of the Yorkshire Miners' Association, which led to a temporary suspension of work at a number of pits. Exports were smaller than in May and were also less than in June last year. This diminution of export business, which has hit South Wales so severely, is mainly due to the virtual cessation of business with Italy. But, unfortunately, it cannot be assumed that the lifting of sanctions will be followed by the restoration of this trade to normal dimensions. Exports to France have improved in recent weeks with the cessation of the port strikes, but, on the other hand, the raising of the taxes on imported coal in France has dealt South Wales yet another blow. Meanwhile, during the past few weeks orders for house coal have dwindled, but heavy deliveries of industrial grades are being made; small sizes are in short supply.

IRON AND STEEL

Activity in the iron and steel industry was well maintained in June, and there are no indications of an early setback. On a daily basis, production of pig-iron showed a slight increase, while the output of steel ingots and castings was considerably larger than in May. In both cases output remained heavily in excess of the corresponding 1935 figures. Imports, although still above last year's level, registered a decline between May and June, while exports were lower compared both with May, 1936, and with June, 1935. In recent weeks the acute pressure for delivery has been somewhat relaxed and makers have been able to overtake some of the more urgent requirements of home users. Rather more material is now available for export purposes—a factor which gives ground for satisfaction in view of the fact that export markets have recently been neglected. Meanwhile productive capacity is still increasing. Prices have shown a hardening tendency in recent weeks.

ENGINEERING

While few new features were discernible last month, the recent rate of progress was well maintained and the outlook is very satisfactory. Unemployment in some sections is now as low as in any post-war year. Further progress was recorded during the past month in prime movers, while the position as regards machine tools and electrical engineering was very good. The volume of unemployment in marine engineering remains heavy, but the progress recorded over the past year has been substantial. Production of agricultural machinery experienced a seasonal contraction in June. Meanwhile, the lagging tendency of exports continues, the attention of makers being concentrated on the home market. Imports of tools, etc., urgently required by the home industry, although still well above last year's level, are not quite so heavy as recently. As foreshadowed a month ago, the pressure for higher wages continues; the trade unions have accepted the employers' recent offer, but are negotiating for additional increases. Meanwhile, orders on hand for armament and other purposes are reported to be sufficient to ensure the maintenance of the existing level of activity for almost twelve months.

ELECTRICAL ENGINEERING

The past month witnessed a welcome revival of orders, both on home and export account. The increase in the index shown below is traceable not to the receipt of large orders, but to a considerable number of smaller ones.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY* (1920 = 100)

Period	Home	Export	Total
1928—June	68	105	78
1929 "	84	149	101
1930 "	59	212	98
1931 "	65	128	78
1932 "	53	94	58
1933 "	55	85	61
1934 "	47	119	70
1935—June	109	124	115
July	101	123	109
August	85	122	99
September	71	135	93
October	70	141	93
November	79	150	102
December	89	141	106
1936—January	90	149	110
February	97	152	115
March	107	151	122
April	118	169	136
May	115	176	136
June	119	188	142

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

MOTOR INDUSTRY

Despite the fact that this is the time of year when construction is at its lowest ebb, owing to the fact that new models are about to be announced, there seems to be an unusually high demand for new cars. In May, 31,641 new private cars were registered for

the first time—an increase of 27 per cent. compared with May, 1935. In the period October, 1935, to May, 1936, 210,424 new private cars were registered, an increase of 13 per cent., compared with the same period in the previous season. During the present season to date, 248,224 private cars and 71,730 goods vehicles have been produced, against 217,515 and 63,892 respectively, at this time last year.

CHEMICALS

In most sections of the chemical market business was rather quiet during June. The demand for wood distillation products, however, was well maintained, and, with the exception of pitch, the coal tar products market was quite active, although business in the finer distillates was still rather difficult owing to lack of supplies. There was an improvement in overseas trade in June as compared with June, 1935, exports of chemicals, dyes and colours increasing in value by £90,587 and imports by £121,957. The increase was mainly due to larger exports of coal tar products and dyes and dyestuffs.

ELECTRICITY

GENERATION OF ELECTRICITY*

	Output mill. k.w.h.	Index 1929 = 100
1929	858	100
1930	910	106.0
1931	951	110.8
1932—Monthly average	1,020	118.9
1933	1,130	131.6
1934	1,288	150.0
1935	1,464	170.5
1935—June	1,147	133.6
July	1,216	141.6
August	1,189	138.5
September	1,320	153.8
October	1,650	192.2
November	1,758	204.9
December	1,929	224.8
1936—January	1,970	229.5
February	1,824	212.4
March	1,753	204.2
April	1,554	181.0
May	1,457	169.8
June	1,334	155.5

* By authorised undertakers in Great Britain

COTTON

The outstanding event of the past month has been the sharp advance in raw cotton prices due to an increasing demand and the publication of a rather bullish estimate by the U.S.A. Government of the acreage under cotton in that country. The cotton textile industry showed little change in June, but the employment position remains considerably better than at this time last year. Meanwhile, the percentage of spinning spindles in full production was unchanged at 79, against 70 in June, 1935. Exports remain stagnant and sales of piece-goods abroad show a decline over the past year. In recent weeks inquiry for piece-goods has improved, but although in certain directions more business has been done, numerous buyers have refused to pay the higher rates necessitated by the advance in the raw material. There is no indication that the slight reduction in Indian import duties has yet benefited Lancashire. Makers have met with their chief support from the home trade.

WOOL

Prices of tops and yarns, which showed a sagging tendency in June, recently firmed up following the London sales. Business showed a seasonal recession in June and employment in the worsted section declined; in the woollen section there was little general change. The improvement over last year continued, but was much more marked in the woollen than in the worsted section. Machinery, however, remains more active than is usual at this time of the year. Exports in general were well maintained last month and remained above the level of a year ago. Meanwhile, the end of the season is reflected in imports of sheep's and lambs' wool, which, although in excess of the corresponding total for 1935, again registered a decline in June.

JUTE

Little change was recorded in June, and unemployment continues very heavy. The position is worse than it was at this time last year, and business has continued very quiet in recent weeks. In view of the prevailing uncertainty buyers are reluctant to commit themselves, and the majority of inquiries are consequently for small lots for immediate delivery.

RAYON

The yarn market shows considerable improvement, and stocks, although high, are being gradually reduced. Owing to the lack of large-scale buying during most of the year, stocks of fabrics are decidedly small. Apart from autumn business, which is now beginning to get into its stride, there is a good deal of buying for stock replenishment.

LINEN

All classes of the raw material are firm in price and sellers are showing reserve. Reports from flax-growing areas, both in this country and on the Continent, indicate crops of average quality and quantity. Yarns are selling freely, with Belgian and German consumers buying in bulk. Business in cloth has also improved, especially in damasks, cambrics and dress linens. Prices are firm.

BOOTS AND SHOES

The industry experienced a slight seasonal contraction in June, which was reflected in a decline in employment. But the position

remains better than at this time last year. Exports, however, showed a sagging tendency and were smaller than in June, 1935.

POTTERY

Employment in North Staffordshire continued slack in June and showed some decline on the whole, although there was a seasonal improvement in the sanitaryware and glazed tile sections. At Bristol employment continued good; at Derby it was good in earthenware and moderate in china manufacture. Exports declined in June, and were below the level of a year ago.

AGRICULTURE

At the end of June it was anticipated that in most areas the yield of wheat would be below, that of barley about equal to, and that of oats slightly above average. Where lifting has begun the yield of early potatoes is reported to be above average. Main crop potatoes were generally looking well, and the outlook was regarded as favourable. The turnip crop, where established, was reported to be looking well. Mangolds were almost everywhere a healthy and promising plant and sugar beet was making rapid progress. Hop vines were generally healthy and vigorous and of good colour. Harvesting of the hay crop has been protracted. It is officially estimated that the yield of both seeds and meadow hay will be below the average of the ten years 1926-35. Cattle and sheep made good progress and were doing well. Milk yields were slightly below normal for the season.

SHIPPING

A slight improvement on the freight markets in June is reflected in the *Economist* index of whole cargo shipping freights (1898-

HOME TRADE STATISTICS—JUNE, 1936

	May, 1936	June, 1936	Compared with June, '35
UNEMPLOYMENT— (State Insurance %)	13.0	13.1	— 2.4
PRODUCTION—			
Coal (million tons)*	4.5	4.0	...
Iron (thous. ")	661.0	644.1	+ 114.8
Steel (" ")	963.0	965.9	+ 195.9
FOREIGN TRADE—			
Imports (million £'s)	69.2	67.6	+ 9.8
Re-exports (" ")	5.6	5.0	— 0.2
British Exports (" ")	36.4	32.1	— 0.8
TRANSPORT—			
Railway Receipts (thous. £'s)*	2,929	2,983	— 37
Shipping Freights (av. level) ¹	76.3	77.8	+ 5.6
COMMODITY PRICES (av. level) ²	69.8	70.2	+ 2.1
TRADE DISPUTES (thous. working days loss)	163	191	+ 113
SECURITY VALUES (av. level) ³	129.1	128.8	+ 3.3

1913 = 100), which registered a rise of 2 per cent. to 90.6, following a fall of 1.2 per cent. in the previous month. Meanwhile, during the past fortnight, the drought in North America has been reflected in an increased demand for Australian wheat, and thus in an important demand for shipping tonnage.

BUILDING

The present position of the building industry remains satisfactory. Employment showed little change last month, but in all divisions of the country and in all occupations (except brick-layers) it was considerably better than at this time last year. The *Economist* index of building activity (1935 = 100) now stands at 109, against 98½ in June, 1935. Meanwhile the building plan figures published by the Ministry of Labour continue to forge ahead. Plans approved by 144 local authorities last month, for non-residential purposes (especially for business premises) were again heavily in excess of the corresponding 1935 figures, which confirms the view recently expressed that any slackening in residential building will be counterbalanced by increased construction for other purposes.

RETAIL TRADE

The official statistics for June will not be available until next week. Preliminary information, however, suggests that business was adversely affected last month by unseasonable weather and that the results will compare unfavourably with those for June, 1935. But last year's figures benefited from over a week of pre-Whitsun business, which fell this year in May.

FINANCIAL DATA—

	May, 1936	June, 1936	Compared with June, '35
Bank of England Notes (Mill. £'s)*	422	433	+ 35
Bank Deposits (" ")*	2,113	2,155	+ 152
Bank Advances (" ")*	839	847	+ 72
Banks' Cash Ratio (%)	10.0	10.1	— 0.7
Bank Clearings:			
London (Million £'s)*	742	723	— 19
Manchester (" ")*	10.1	8.9	— 0.1
Three Months' Bank Drafts (Dis- count Rate %)*	2½	2½	...
Day-to-Day Loans (%)	2½	2½	...

(1) 1913 = 100. (2) *Economist* Index No., 1927 = 100.

(3) *Bankers' Magazine* Index No. of 365 securities; December, 1921 = 100. (4) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

COMPONENT SERIES OF THE INDEX OF BUSINESS ACTIVITY

1. *Employment*.—Based on the Ministry of Labour estimates of insured workers aged 16 to 64 in employment in Great Britain. Seasonal fluctuations are eliminated.

2. *Consumption of Coal*.—From the output of saleable coal is deducted exports of coal, coke and manufactured fuel and of coal shipped for the use of steamers. The resulting figure of home consumption is adjusted for variations in stocks of coal at pithead and is placed on a daily basis. Seasonal fluctuations are eliminated.

3. *Industrial Consumption of Electricity*.—From the daily average output of the "authorised undertakers" is deducted the units generated for domestic purposes and for use in traction and public lighting. The series is adjusted for transfer from private to public generation and is corrected for seasonal fluctuations.

4. *Merchandise on Railways*.—Based on a daily average of the tonnage of freight (less coal and coke) carried on the standard-gauge railways of Great Britain. Seasonal fluctuations are eliminated.

5. *Commercial Motor Vehicles in Use*.—The monthly computations of the number of licences for goods vehicles current in Great Britain, published by the Society of Motor Manufacturers and Traders, are corrected for seasonal fluctuations.

6. *Postal Receipts*.—The official series of daily postal receipts, calculated by the Post Office, is corrected for seasonal variations.

7. *Building Activity*.—From the Ministry of Labour figures showing the value of building plans approved by 146 local authorities in Great Britain a twelve-months' moving average is calculated, on the assumption that about twelve months elapse, on the average, between the passing of the plans and the completion of the building. Seasonal fluctuations are automatically eliminated by this process, but no account can be taken of the fact that some plans approved may not be executed. The series is corrected

for changes in building costs by means of an index, the construction of which was explained in the *Economist* of November 11, 1933.

8. *Consumption of Iron and Steel*.—Based on the output of steel ingots and castings, plus forge and foundry pig iron and the crude steel equivalent of imports, less the crude steel equivalent of exports. The index is on a daily basis and seasonal variations are eliminated.

9. *Consumption of Cotton*.—Total deliveries of cotton, as published by the Liverpool Cotton Association, are converted into lbs., placed on a daily basis and corrected for seasonal fluctuations.

10. *Imports of Raw Materials*.—The value of United Kingdom imports of raw materials, less re-exports, is corrected by the Board of Trade quarterly index of prices. The figures are placed on a daily basis and seasonal variations are eliminated.

11. *Exports of British Manufactures*.—The value figures are corrected for price changes by means of the Board of Trade quarterly index and are placed on a daily basis. Seasonal fluctuations are eliminated.

12. *Shipping Movements*.—Based on a daily average of the shipping tonnage engaged in overseas trade entered and cleared at ports in the United Kingdom, with seasonal variations removed.

13. *Metropolitan, Country and Provincial Bank Clearings*.—Based on daily average clearing figures corrected for price changes by an index constituted as follows:—Ministry of Labour Index of Wages (2 weights); Ministry of Labour Cost-of-Living Index (2 weights); *Economist* Index of Wholesale Prices (1 weight). Seasonal variations are removed.

14. *Town Clearings*.—Calculated from the monthly town clearing figures by the same means as in the previous index.

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—Agricultural and pastoral prospects are now generally satisfactory, states a cable from the National Bank of Australasia. The wool clip is probably equal to that of last year, the wheat acreage is slightly higher and a normal spring butter output is anticipated. Higher prices for principal exports have stimulated local trade and secondary industries, and unemployment has consequently declined. Exports continue above the level of a year ago and the favourable trade balance has increased.

South Africa.—The expansion of business activity continues. Mining remains very active and building shows no sign of abatement. The improvement is reflected in the upward trend of railway receipts and in the national accounts. Better prices have recently been realised for staple exports. Total imports in June were valued at £7,269,000, against only £5,837,000 in the corresponding month of 1935, while exports totalled £8,472,000, compared with £8,206,000 in June last year.

Canada.—The expansion of business activity recorded in May appears to have been well maintained in June. But developments remain somewhat uneven, and in recent weeks the drought in the prairie provinces has given rise to anxiety. Foreign trade continues to run well above last year's level. The mining industry continues to expand and building activity has made headway recently.

India.—Except in Sind and Bombay, rainfall has been moderate to heavy generally and standing crops are in fair to good condition. Cotton has, however, been attacked by caterpillars, and sugar cane by grasshoppers in some parts. The final estimate for the linseed crop discloses an area of 3,402,000 acres, with an estimated yield of 384,000 tons, against 420,000 tons last year. The wheat area is estimated at 33,500,000 acres and the yield is put at 9,394,000 tons, against 9,861,000 tons a year ago. The export balance in foreign trade was reduced last month.

EUROPE

France.—Industrial production recorded a slight improvement in May, the gain being well spread, and remained well above the level of a year ago. The output of iron and steel showed a significant expansion and unemployment was reduced. Wholesale prices suffered a fall in June, but have recovered in recent weeks. Meanwhile the settlement of the labour difficulties has temporarily improved the position, but business activity appears to be marking time. The question of the devaluation of the franc has been shelved, but the outlook is still obscure. The Stock Exchange consequently continues to sag.

Germany.—The upward trend of industrial production was continued in May, when the Institut für Konjunkturforschung index rose to 106.7 (1928 = 100), against 104.5 in the previous month and 96.5 in May, 1935. The fall in numbers unemployed has also continued and a shortage of some classes of skilled labour is reported. In consequence of rearmament activity the demand for iron and steel continues on a high level; capital goods industries in general remain busy. Consumption of electricity in May was 15 per cent. above the previous year's corresponding figure, while railway receipts show substantial gains compared with last year. Meanwhile wholesale prices and the cost of living have been practically stationary in recent months.

Sweden.—Business remains prosperous and the improvement in the employment position continues. Building is active and sales of timber and pulp are increasing, despite the hardening of prices. Foreign trade returns for May disclose an import surplus of only kr. 0.9 millions, against kr. 17.9 millions in April. The iron industry is operating at capacity, with prices showing a rising tendency.

Denmark.—Progress is being maintained. Owing to a rise in the price of staple exports, the export figures for the first six months of 1935 make a favourable showing when compared with the same period of last year. The slow revival in shipping has continued, but activity in the building industries is below last year's level. The number of unemployed at the end of June was down to 46,789, or 11.3 per cent. of the total number employed. The outlook is satisfactory.

Holland.—The business position in Holland continues to give little grounds for satisfaction. Returns of industrial activity for the first quarter of the year show divergent tendencies, but the general picture is unfavourable. Unemployment was above the level of a year ago, and exports of manufactures showed a decline. Costs in the Netherlands are disproportionately high, and until something can be done to remedy the over-valuation of the currency little improvement can be anticipated.

Poland.—The output of iron and steel this year has been heavily in excess of the 1935 level, pig iron production in June showing an increase of almost 100 per cent. over June, 1935. The output of non-ferrous metals shows a similar trend. Goods traffic on the Polish State railways has shown a decline this year compared with last, mainly due to a fall in transit business between Germany and East Prussia. Meanwhile the volume of trade passing through Gdynia continues to grow.

Greece.—In consequence of unfavourable weather, the crop of cereals and currants will be considerably smaller this year than last. Overseas trade in May was well maintained at the 1935 level; new import restrictions, designed to protect the foreign exchange reserves of the bank of issue, came into force on July 1st. Internal trade remains slack and the stock markets are lifeless. Labour unrest is compelling the authorities to examine the possibility of improving the workers' condition.

UNITED STATES OF AMERICA

Despite the intensity of the heat wave and the accompanying drought, the summer recession—which in any case had been expected to be smaller than usual—has not put in an appearance. Thus the *New York Times* weekly business index stood at 101.4 for the week ended July 11th, against 101.1 a month earlier and 83.2 in the corresponding week of last year. The maintenance of activity is widely attributed to the unexpected volume of spending arising from the soldiers' bonus, which has given a definite fillip in a number of directions. Meanwhile, steel production continues at about 70 per cent. of capacity, automobile production is well maintained, and the output of machine tools has reached a level higher than at any time since 1929. Industrial profits are consequently on the up-grade. There is, however, a cloud on the horizon in the shape of possible labour troubles, and it must be remembered that the stimulus arising from the expenditure of the soldiers' bonus cannot be indefinitely continued.

AMERICAN TRADE STATISTICS—JUNE, 1935

	May 1935	June 1935	Compared with June '35
EMPLOYMENT —(1923-25 = 100)†	85.7	...	+ 4.4
PRODUCTION —			
Bituminous coal (Thous. tons)	28,541	29,415	— 652
Pig-iron (" ")	2,648	2,586	+ 1,034
Steel (" ")	4,046	3,985	+ 1,754
Steel Corporation—shipments (Thous. tons)	984	886	+ 308
Building permits (Thous. \$)	82,511	112,640	+ 59,963
FOREIGN TRADE —			
Imports (Thous. \$)	191,110	...	+ 34,354
Exports (" ")	201,042	...	+ 30,849
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	670	697	+ 90
SECURITIES —			
30 industrial stocks—			
Highest quotations‡	152.64	160.66	+ 39.91
Lowest quotations‡	146.41	149.26	+ 39.52
Thous. shares sold during month— (New York)	20,615	22,340	...
Capital issues excl. refunding (Thous. \$)	111,571	...	...
BANK DEBITS —			
New York (Million \$)	16,227	16,605*	+ 938
Other cities (" ")	16,998	16,796*	+ 882
RETAIL BUSINESS —			
Total sales, mail order houses§ (Thous. \$)	75,918	73,935*	+ 16,467

* Preliminary estimates made by Messrs. Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partly estimated. || Compared with May, 1935.

LATIN AMERICA

Unseasonable weather in Argentina has caused considerable damage to the maize crop and has hampered harvesting operations. Shipments of wheat, oats and linseed during the first half of the year showed a heavy decline compared with the corresponding period of 1935. The "official" selling rate of the Central Bank has been advanced from 17.02 to 17.08 paper pesos per £, and the rate may be allowed to go higher, to provide funds for the assistance of cattle breeders who will be adversely affected by the proposed British import duty on meat. Regulations governing the marketing of the 1936-37 coffee crop in Brazil, signed on July 1st, stipulate that the "sacrifice" quota will be 30 per cent., for which payment will be made at the rate of Rs. 5,000 per bag. Shipments of coffee during the crop year which closed on June 30th, were 15,929,259 bags (of 60 kilos), against 13,391,232 bags in the previous season. A virtual deadlock continues in the Chilean foreign exchange market, and the insistence by the Exchange Control Commission of a maximum selling price for "export" exchange of 26 pesos per United States dollar has caused considerable inconvenience both to exporters and to importers.

THE FAR EAST

Business conditions in Japan have shown little change. Imports have recently been running above the 1935 level, but exports have been stagnant. These tendencies are brought out in the foreign trade figures for the first half of the year, which disclose that exports amounted to 1,263 million yen (3.4 per cent. above the previous year's level) and imports to 1,578 million yen (an increase of 11.4 per cent.) during this period. The excess of imports during the first half-year was 61.6 per cent. larger than in the same period of 1935. Meanwhile Japan has embarked upon a "trade war" with Australia which is likely to damage both countries. Commodity markets have shown some improvement recently. China's trade balance continues to improve. Her imports totalled 83.75 standard dollars last month, and her exports 58.41 standard dollars, against 91.53 and 41.23 dollars in June, 1935.

STATISTICS

In the following tables we give trade and other statistics for as many countries of the world as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the *Monthly Statistical Bulletin of the League of Nations* (published by George Allen and Unwin, Ltd.).

PRODUCTION (Thousands of Metric Tons)

	United Kingdom	Belgium	Czechoslovakia	France	Germany	Netherlands	Poland	U.S.S.R.	Canada	South Africa	British India	Japan	United States	Czechoslovakia	Germany	Hungary
COAL																
1913	24,387	1,803	1,189	3,338	15,842	156	748	...	1,037	665	1,311	1,776	43,088	1,927	7,269	460
1929	21,887	2,245	1,377	4,482	13,620	965	8,853	3,472	1,023	1,052	1,893	2,855	46,026	1,880	14,538	587
1932	17,717	1,785	913	3,856	8,728	1,063	2,403	3,358	625	805	1,581	2,338	27,183	1,322	10,218	494
1933	17,525	2,107	878	3,906	9,141	1,048	2,283	6,020	645	872	1,526	2,710	28,967	1,255	10,536	492
1934	18,708	2,189	898	3,967	10,465	1,028	2,436	7,792	801	992	1,703	2,755	31,398	1,272	11,440	517
1935	18,877	2,207	914	3,851	11,918	990	2,395	8,852	776	1,104	1,765	2,909	31,576	1,269	12,282	580
LIGNITE																
1913	16,987	2,148	759	3,678	10,884	919	2,027	7,354	784	1,044	1,659	2,707	32,395	991	11,208	890
1929	17,721	2,243	811	3,770	11,985	1,058	2,385	8,898	818	1,157	1,584	2,760	29,394	1,170	11,812	458
1932	17,167	2,245	890	3,690	12,098	973	2,337	8,971	748	1,224	1,410	2,599	28,039	1,226	12,343	516
1933	18,037	2,188	1,004	3,710	11,978	957	2,544	8,560	771	1,110	1,661	2,760	26,385	1,280	12,614	571
1934	20,152	2,402	1,087	4,146	13,455	1,081	2,826	9,004	876	1,137	1,738	3,145	32,722	1,463	13,751	749
1935	20,605	2,205	1,115	3,987	13,178	1,011	2,497	10,781	774	1,119	1,836	3,279	35,788	1,416	13,471	701
1936	19,968	2,283	1,055	3,915	13,049	1,056	2,556	10,270	760	1,161	1,907	2,935	39,752	1,373	13,303	662
1937	21,905	2,527	1,000	4,067	13,679	960	2,260	10,267	771	1,142	2,136	3,148	37,467	1,275	12,389	672
1938	19,955	2,337	909	3,855	12,626	1,016	2,147	10,613	729	1,183	1,907	3,434	30,330	1,350	12,387	523
1939	20,303	2,470	916	3,958	12,872	1,016	2,147	10,613	729	1,183	1,907	3,434	30,330	1,350	12,387	523
1940	18,195	2,435	927	4,059	11,876	1,020	2,055	10,224	708	1,210	1,876	3,091	31,483	1,250	12,006	473
1941	18,994	2,319	859	3,870	12,157	979	2,059	9,377	829	1,206	1,850	...	30,168	...	12,571	...
1942	17,140†	...	...	...	...	...	...	...	...	...	...	...	31,050†	...	...	...

PIG IRON

	United Kingdom	Belgium	France	Saar	Germany	Sweden	U.S.S.R.	Canada	United States	United Kingdom	Belgium	France	Saar	Germany	Sweden	Canada	United States
STEEL																	
1913	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564
1929	843	579	464	175	1,117	41	382	92	3,580	816	587	808	184	1,354	60	117	4,599
1932	803	392	461	112	328	22	521	12	735	445	395	470	122	479	44	29	1,128
1933	849	387	527	133	439	27	597	19	1,119	595	383	544	139	632	53	35	1,913
1934	806	405	513	152	728	44	867	35	1,348	750	407	514	152	990	73	64	2,139
1935	544	411	482	...	1,045	47	1,042	51	1,778	833	405	522	...	1,342	77	79	2,824
1936	538	419	465	...	979	42	1,058	45	1,577	782	404	504	...	1,249	56	75	2,267
1937	556	420	496	...	1,093	39	1,096	51	1,545	816	409	545	...	1,448	71	87	2,307
1938	552	419	479	...	1,145	45	1,085	55	1,789	772	406	538	...	1,496	82	84	2,968
1939	553	409	492	...	1,113	41	1,046	55	1,801	870	368	522	...	1,378	78	92	2,875
1940	538	416	469	...	1,198	47	1,077	46	2,010	922	404	557	...	1,551	85	97	3,168
1941	568	426	506	...	1,194	49	1,151	72	2,140	925	428	561	...	1,443	82	96	3,204
1942	605	429	508	...	1,279	47	1,140	62	2,059	928	421	560	...	1,442	81	100	3,131
1943	594	419	500	...	1,273	45	1,109	57	1,857	954	422	538	...	1,585	77	102	3,098
1944	644	433	513	...	1,211	52	1,215	55	2,442	1,007	422	571	...	1,467	87	109	4,008
1945	640	424	524	...	1,228	50	1,247	60	2,691	978	417	603	...	1,568	80	96	4,111
1946	656	432	553	...	...	...	...	...	2,630†	982	...	...	...	...	...	...	4,050†

Figures for Luxembourg communicated by the "Groupement des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since 1921, excluding Ireland. e British Provinces only. f Establishments whose production in 1933 amounted to 99.38% of the total. g Excluding Luxembourg. h Since 1922, excluding Polish Upper Silesia. i Since March, 1935, Saar Territory included with Germany. j Coal sold. k Until end 1928 saleable coal. m Including coal waste. n Provisional.

WHOLESALE PRICES

WHOLESALE PRICES																		
Monthly Average	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Holland	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economist																
	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1913	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1929	127.2	85.1	100	100	150	627	137.2	100	481	149	96.3	100	140	141.2	165.7	141	149.4	116.0
1932	85.6	85.7	582	74.5	117	427	96.5	64.8	310	122	65.5	101.0	109	96.0	129.7	91	104.2	91.0
1933	85.7	86.9	501	72.2	125	398	93.3	63.1	283	122	59.1	96.5	107	91.0	129.5	87	104.8	91.5
1934	88.1	90.3	473	74.1	132	376	98.4	63.2	276	124	55.8	98.5	114	89.8	135.2	89	111.8	101.7
1935	88.9	94.8	537	77.2	134	339	102.0	61.7	...	127	53.1	100.8	116	89.8	135.1	91	112.6	94.8
1935																		
June	88.4	93.7	555	79.1	130	330	101.2	61.1	315	128	52.6	100.1	116	88.6	134.7	91	111.7	...
July	88.0	93.7	553	77.2	131	322	101.8	60.8	319	127	52.9	99.0	116	89.9	135.9	91	111.7	95.0
August	88.4	93.7	553	77.2	134	330	102.4	61.0	329	128	53.0	99.4	117	91.4	136.7	89	111.9	...
September	89.1	96.1	560	77.0	137	333	102.3	62.0	357	128	53.0	99.8	115	92.8	137.4	89	113.0	...
October	91.1	98.5	574	77.5	139	342	103.0	62.5	348	130	54.5	100.7	117	93.3	137.8	93	114.3	96.1
November	91.2	98.2	582	77.4	139	342	103.2	62.9	...	130	54.5	102.7	118	92.6	135.9	92	113.8	...
December	91.4	98.3	578	77.9	139	359	103.8	62.6	...	131	52.1	101.8	118	91.9	134.1	93	113.6	...
1936	91.8	98.1	581	77.1	139	354	103.8	62.2	...	132	52.2	101.1	118	91.0	135.5	92	114.0	99.5
January	91.7	97.4	582	77.0	139	371	103.8	61.7	...	132	53.0	101.1	118	91.9	136.6	91	113.2	...
February	91.7	97.4	582	77.0	139	376	103.8	61.7	...	132	53.0	101.1	118	91.9	139.2	92	112.6	99.8
March	91.7	97.4	582	77.0	139	370	103.9	61.3	...	132	53.7	...	118	92.0	140.0	90	111.9	...
April	91.9	96.0	569	76.5	139	374	103.9	61.2	...	132	...	...	118	92.1	...	...	...	...
May	92.6	96.6	570	...	138	374	...	61.8	...	132	...	...	118	...	...	...	...	...
June	92.6	96.6	570	...	138	374	...	61.8	...	132	...	...	118	...	...	...	...	...
... of the following month. * Official. / Second half of month. ^ 1914.																		

FINANCE

Notes in Circulation—(000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Jugoslavia	Netherlands
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Reichsbank Notes	"Renten" Bank Notes	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Leva	Koruna	Kron	Markka	Francs	Reichsmark	Reutenbank	Drachmae	Pengo	Dinars
	£	Schilling	Francs	Leva	Koruna	Kron	Markka	Francs	Reichsmark	Reutenbank	Drachmae	Pengo	Dinars
1913.....	29-6	...	1,067	180	8,230	152	113	95,714	2,742	...	...	...	...
1929.....	369-8	1,094	14,833	3,609	8,230	367	1,381	68,471	5,044	397	5,193	501	5,818
1931.....	364-2	1,183	18,270	2,919	7,579	348	1,293	85,725	4,776	422	4,003	423	5,172
1932.....	371-2	914	18,135	2,835	8,287	332	1,085	85,028	4,776	411	4,003	423	5,172
1933.....	392-0	952	17,093	2,984	5,908	375	1,184	82,613	3,455	392	5,449	399	4,927
1934.....	405-2	964	17,650	2,448	5,640	386	1,277	83,412	3,901	385	5,484	381	4,984
1935.....	424-5	976	20,583	2,497	5,761	384	1,381	81,150	4,285	398	5,988	417	4,980
1935-May.....	390-4	928	20,157	2,123	5,547	375	1,369	82,776	3,810	377	5,319	359	4,446
June.....	396-9	937	20,153	2,152	5,780	378	1,328	82,089	3,895	373	5,417	375	4,473
July.....	408-8	942	20,397	2,193	5,454	361	1,310	81,128	3,878	368	5,366	376	4,513
August.....	399-6	963	20,576	2,296	5,524	375	1,317	82,240	4,132	368	5,493	381	4,681
September.....	398-2	953	20,702	2,408	5,730	368	1,336	82,399	4,143	369	5,493	381	4,681
October.....	399-9	963	21,035	2,413	5,715	387	1,302	83,306	4,154	369	5,493	381	4,681
November.....	401-3	958	20,792	2,303	5,599	384	1,319	82,447	4,186	379	5,910	383	4,838
December.....	424-5	976	20,583	2,497	5,761	384	1,381	81,150	4,285	398	5,988	417	4,980
1936-January.....	397-1	929	20,505	2,177	5,208	365	1,342	81,503	4,098	368	5,414	391	4,818
February.....	399-9	931	20,362	2,113	5,210	375	1,415	81,239	4,177	369	5,521	383	4,930
March.....	406-5	928	20,817	2,293	5,413	371	1,520	83,197	4,297	368	5,670	391	4,904
April.....	416-9	952	21,274	2,252	5,549	382	1,546	82,557	4,418	397	5,791	380	4,824
May.....	426-1	958	21,418	2,247	5,492	372	1,501	84,705	4,430	397	5,791	380	4,824
June.....	434-8	950	21,768	2,453	5,701	381	1,465	85,108	4,389	396	5,608	393	4,833

Period	Italy	Norway	Poland	Roumania	U.S.S.R.	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	State Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes
	Lire	Lire	Kroner	Zloty	Zloty	Leu	Gd. Rbls.	Rbls.	Kronor	Francs	Dollars	£	Yen
1913.....	42,284	499	108	...	...	...	...	...	...	...	...	...	...
1929.....	16,774	80	318	1,340	259	21,144	1,028	1,501	549	314	110-0	2-3	2-2
1931.....	14,295	...	334	1,218	241	23,750	2,370	2,784	583	1,609	48-2	3-0	3-0
1932.....	13,672	...	315	1,093	332	21,594	2,922	2,925	598	1,611	45-0	3-0	3-0
1933.....	13,243	...	327	1,094	342	21,219	3,069	3,433	648	1,510	45-1	3-0	3-0
1934.....	13,145	...	328	1,094	342	21,219	3,069	3,433	648	1,510	45-1	3-0	3-0
1935.....	...	...	348	1,097	404	23,127	...	...	786	1,366	46-4	2-1	2-1
1935-May.....	12,878	...	322	952	378	20,837	...	...	683	1,302	42-0	1-0	1-0
June.....	13,029	...	332	948	380	21,261	...	...	718	1,307	41-5	1-0	1-0
July.....	13,858	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
August.....	14,095	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
September.....	15,273	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
October.....	...	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
November.....	...	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
December.....	...	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
1936-January.....	...	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
February.....	...	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
March.....	...	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
April.....	...	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
May.....	...	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0
June.....	...	...	330	932	396	21,234	...	...	685	1,281	41-4	1-0	1-0

a Until November, 1928, including State notes, then transferred to Bank of Canada. b Prior to March, 1935, including Dominion Notes then transferred to Bank of Canada. c Net issue. d In terms of new lire = 8,373 millions. e Marks including Reichsbank and Darleenskassenscheine. f Excluding notes held by Reichsbank. g Gross issue. h State notes only. i Since January, 1934, excluding gold coin. j Since January, 1934, including Austria-Hungary and other notes converted after the war into National Currency. k Since 1920, including Austria-Hungary and other notes converted after the war into National Currency. l Since 1920, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes in October, 1928. m In terms of new lire = 1,829 millions. n In terms of new francs. o Since May, 1922, including Luxembourg. From 1927-1929, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes in October, 1928.

LONDON RATES OF EXCHANGE

Period	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Oslo	Copenhagen	Berlin	Vienna	New York	Buenos Aires
Monthly Average	Francs to £	Belgas to £	Lire to £	Francs to £	Penetas to £	Florins to £	Kronor to £	Kronor to £	Kronor to £	Marks to £	Schillings to £	Dollars to £	Pesos to £
Par level.....	124-21	85-00	92-46	25-224	25-224	12-107	18-159	18-159	18-159	20-45	34-396	4-886	47-62
Highest, 1935.....	75-50	29-53	66-00	15-40	36-50	7-431	18-35	18-35	22-45	12-36	27-50	4-981	19-83
Lowest,	70-564	19-95	65-624	14-33	34-00	6-67	19-35	19-35	22-35	11-57	24-25	4-711	17-40
Beginning of—	July, 1914.....	25-15	125-351	25-251	21-161	28-10	12-111	18-30	18-25	18-30	20-491	4-871	47-62
January, 1928.....	124-00	34-92	92-321	25-271	28-24	12-08	18-111	18-14	18-20	20-431	4-871	47-62	47-62
January, 1929.....	124-101	34-88	92-64	25-18	28-24	12-08	18-111	18-14	18-20	20-431	4-871	47-62	47-62
January, 1930.....	123-91	34-88	92-22	25-13	28-624	12-08	18-111	18-14	18-20	20-431	4-871	47-62	47-62
January, 1931.....	123-68	34-76	92-74	25-04	28-30	12-05	18-111	18-14	18-20	20-431	4-871	47-62	47-62
January, 1932.....	86-374	24-37	68-621	17-37	40-18	8-44	17-75	18-25	18-25	14-25	28-501	3-301	42-1
January, 1933.....	85-50	24-09	65-12	17-34	40-90	8-31	18-374	19-40	18-12	14-25	28-501	3-301	42-1
January, 1934.....	83-00	23-39	61-84	16-79	39-53	8-09	19-40	19-90	18-21	14-25	28-501	3-301	42-1
January, 1935.....	74-681	21-024	57-921	15-21	38-631	7-29	19-40	19-90	18-21	14-25	28-501	3-301	42-1
January, 1936.....	74-431	20-24	61-25	15-21	38-631	7-29	19-40	19-90	18-21	14-25	28-501	3-301	42-1
April.....	75-101	20-26	62-621	15-21	38-631	7-29	19-40	19-90	18-21	14-25	28-501	3-301	42-1
May.....	75-014	20-22	62-75	15-20	38-211	7-29	19-40	19-90	18-21	14-25	28-501	3-301	42-1
June.....	75-851	20-56	63-431	15-47	38-621	7-40	19-40	19-90	18-21	14-25	28-501	3-301	42-1
July.....	75-681	20-681	63-811	15-321	38-561	7-361	19-40	19-90	18-21	14-25	28-501	3-301	42-1
Beginning of—	July, 1914.....	16-4	514	191	1-34	1-101	2-61	2-04	2-04	2-04	2-04	2-04	2-04
January, 1927.....	514	504	39-65	1-64	1-111	2-51	2-04	2-04	2-04	2-04	2-04	2-04	2-04
January, 1928.....	514	51	39-35	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
January, 1929.....	514	51	39-64	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
January, 1930.....	514	51	39-80	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
January, 1931.....	514	51	39-88	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
January, 1932.....	514	51	39-80	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
January, 1933.....	514	51	39-80	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
January, 1934.....	514	51	39-80	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
January, 1935.....	514	51	39-80	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
January, 1936.....	514	51	39-80	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
April.....	514	51	39-80	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
May.....	514	51	39-80	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
June.....	514	51	39-80	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04
July.....	514	51	39-80	1-64	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04	2-04

a Daily rate. b Francs to £. c Kronor to £. d Pence to £. e Paper pence to £ after January, 1935. f Nominal.

(a) 8-234 since dollar devaluation on February 1, 1934. (b) Paper pence to £ after January, 1935. (c) Nominal.

FOREIGN TRADE

IMPORTS for Domestic Consumption—Merchandise Only—(000's omitted)

IMPORTS for Domestic Consumption																		
Period	U.K.	Irish Free State	Belgium	Bulgaria	Czechoslovakia	Denmark	France	Finland	Germany	Greece	Italy	Jugo-Slavia	Netherlands	Poland	Sweden	Switzerland	U.S.S.R.	Egypt
Monthly Average	£	£	Francs	Leva	Koruna	Kroner	Francs	Markka	Marks	Drachmae	Lire	Dinars	Gulden	Zloty	Kronor	Francs	Roubles or Gold Rbl.	£
1913	54,931	...	386,384	15,775	1,661,820	64,785	701,778	41,035	897,474	14,828	303,803	...	325,231	...	70,845	159,985	...	2,271
1929	92,589	5,020	2,951,520	693,719	1,861,820	142,907	4,851,719	583,026	1,120,568	1,108,270	1,905,397	632,896	229,358	259,248	148,549	231,987	73,386	4,453
1931	60,512	4,139	1,978,426	388,719	1,861,820	117,483	3,516,609	285,700	560,590	790,300	970,900	400,023	157,728	122,550	118,960	187,600	92,000	2,586
1932	64,532	3,433	1,987,000	289,275	621,785	90,780	2,485,487	286,500	388,875	654,300	987,256	71,831	95,130	100,730	108,890	150,890	57,670	2,174
1933	54,862	2,834	1,233,000	183,500	483,200	102,080	2,369,000	328,100	350,300	702,500	618,100	240,200	120,300	68,920	91,320	132,870	29,020	2,174
1934	56,750	3,231	1,142,000	187,300	530,200	108,880	1,925,000	397,600	397,600	732,500	638,900	297,800	86,520	66,560	108,730	119,540	19,370	2,362
1935	58,470	3,097	1,417,000	250,700	560,900	106,230	1,745,000	445,300	346,600	890,100	...	308,300	77,990	71,220	122,330	106,940	20,110	2,690
1935	58,973	3,455	1,511,000	283,200	537,900	113,500	1,820,000	508,800	332,500	1,000,100	552,500	369,100	78,020	70,090	122,020	109,840	17,770	2,267
May	52,905	3,014	1,421,000	181,400	447,100	94,850	1,677,000	472,700	316,900	846,400	721,900	282,000	73,210	76,920	108,920	110,380	25,000	2,267
June	52,763	3,050	1,451,000	181,200	485,500	100,510	1,742,000	490,900	390,100	968,600	719,000	276,000	74,080	76,920	108,920	110,380	25,000	2,267
July	54,862	2,834	1,391,000	287,600	524,700	96,520	1,698,000	457,300	317,500	805,500	569,100	278,900	75,990	71,950	120,130	99,200	23,650	2,690
Sept.	57,120	3,021	1,415,000	214,600	622,900	124,140	1,698,000	557,100	335,800	881,800	666,800	287,700	75,990	63,820	124,640	100,260	19,000	2,707
Oct.	68,850	3,478	1,711,000	311,500	657,800	121,200	1,723,000	528,500	346,100	1,037,800	...	356,600	85,760	76,950	153,030	113,280	18,370	3,364
Nov.	66,884	3,490	1,621,000	355,500	788,200	108,000	1,736,000	441,300	373,000	953,800	...	336,700	72,670	78,900	135,280	125,000	25,340	3,480
Dec.	69,049	2,911	1,804,000	288,300	754,300	128,000	2,026,000	481,300	364,100	985,700	...	342,500	79,230	75,610	133,680	87,450	17,680	2,586
1936	65,704	2,878	1,810,000	300,100	750,300	128,000	2,049,000	370,900	333,800	923,700	...	293,800	74,170	76,280	115,530	87,450	17,500	2,181
Jan.	65,704	2,878	1,810,000	300,100	754,400	94,800	2,049,000	370,900	333,800	923,700	...	293,800	74,170	76,280	115,530	87,450	17,500	2,181
Feb.	66,686	3,137	1,658,000	300,100	758,800	93,630	1,854,000	394,900	355,400	935,600	...	326,000	79,290	80,250	126,080	93,970	26,440	2,586
Mar.	62,152	3,217	1,758,600	219,500	654,800	90,850	1,626,000	469,400	300,600	882,600	...	326,000	80,910	83,590	129,780	91,460	...	2,697
Apr.	63,744	3,100	1,660,000	269,800	654,800	90,850	1,626,000	469,400	300,600	882,600	...	326,000	75,910	71,910	129,900	88,600	...	2,598
May	62,644	3,393	1,701,000	295,700	763,900	129,280	1,967,000	564,200	337,200	1,022,900	...	324,300	77,000	...	...	93,450	...	...
June	63,636	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

CAPITAL ISSUES.—(£00,000's omitted)

Period	United Kingdom	Austria	Czechoslovakia	France	Germany	Italy	Netherlands	Poland	Romania	Sweden	Switzerland	United States
Monthly Average	£	Schilling	Koruna	Franc	Mark	Lira	Gulden	Zloty	Lei	Kronor	Franc	Ruppes
1913	16.3	...	...	...	...	...	...	...	...	...	...	...
1929	23.8	8.6	25	1,259	80.2	23	13	20	18	...	...	...
1931	8.5	3.1	42	1,362	65.2	361	20	8.4	210	28	48	56
1932	15.7	4.9	27	511	12.3	304	81	11.6	37	11	32	318
1933	20.4	17.9	21	300	7.3	...	...	3.0	47	8	15	...
1934	14.1	...	...	...	...	...	...	...	...	...	...	...
1935	...	...	...	...	...	...	...	...	...	...	...	...
1936	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-June	25.6	11.0	10	551	5.1	280	58	1.5	70	10	20	120
July-Sept.	9.4	9.0	13	306	8.5	531	2	1.1	115	9	11	27
Oct.-Dec.	14.5	...	...	...	...	...	...	...	...	...	...	...
1935	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	9.1	...	...	...	...	...	...	...	...	...	...	...
Apr.-June	11.6	...	...	...	...	...	...	...	...	...	...	...
1936	...	...	...	...	...	...	...	...	...	...	...	...
January	33.7	...	...	...	...	...	...	...	...	...	...	...
February	17.1	...	...	...	...	...	...	...	...	...	...	...
March	11.1	...	...	...	...	...	...	...	...	...	...	...
April	10.3	...	...	...	...	...	...	...	...	...	...	...
May	17.0	...	...	...	...	...	...	...	...	...	...	...
June	10.1	...	...	...	...	...	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issues of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of Roumania and Czechoslovakia. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and conversions are excluded. Excluding Treasury Bills. Excluding large railway issues. / "Rivista Bancaria." A issues exceeding Fl. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. m Since 1924, excluding amalgamations and conversions. Until end 1922 paper mark. o "Société de Banque Suisse," figures of net amount of new capital paid-up. p Compiled by "Commercial and Financial Chronicle." y Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES

	1930	1931	1932	1933	1934	1935	1936
End of	June	Dec.	June	Dec.	June	Dec.	June
London	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Paris	24.2	24.2	24.2	24.2	24.2	24.2	24.2
Berlin	24.2	24.2	24.2	24.2	24.2	24.2	24.2
New York	24.2	24.2	24.2	24.2	24.2	24.2	24.2
Amsterdam	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Brussels	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Rome	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Switzerland	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Vienna	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Warsaw	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Tokyo	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Calcutta	8.5	8.5	8.5	8.5	8.5	8.5	8.5

* Federal Reserve. † 3 per cent. on July 6. ‡ 3 per cent. on July 9.

LONDON BANKERS' CLEARING RETURNS

	Town	Metropolitan	Country	Total
1913	14,191,275	853,848	1,389,481	16,434,604
1929	30,935,924	1,891,939	2,078,784	34,906,647
1931	31,815,608	1,697,852	2,732,209	36,245,669
1932	27,833,639	1,610,407	2,667,919	32,111,965
1933	27,714,490	1,656,675	2,786,471	32,157,636
1934	30,740,117	1,759,528	2,984,512	35,484,157
1935	32,443,575	1,887,112	3,229,064	37,559,751
1935 (July 17)	18,106,279	1,042,237	1,758,788	20,907,304
1936 (July 15)	18,186,012	1,105,810	1,902,183	21,194,005

U.K. IMPORTS AND EXPORTS.—(000,000's omitted)

	Food	Raw Materials	Manufactures	Imports of	Exports of
	Imports	Exports	Imports	Exports	Imports
Monthly Average					
1913	24.2	2.7	25.8	6.8	16.1
1929	44.7	4.6	28.3	6.9	27.9
1932	31.1	2.7	13.7	3.6	15.1
1933	28.3	2.3	15.0	3.8	12.6
1934	28.8	2.5	17.5	4.0	14.3
1935	29.7	2.6	17.6	4.4	15.4
1935-November	34.4	3.8	19.7	5.1	16.9
1936-January	31.3	2.7	23.6	4.2	18.0
February	27.5	2.5	18.9	4.1	16.0
March	30.2	2.9	19.6	4.1	17.7
April	28.4	2.4	20.0	3.9	17.9
May	31.6	2.7	19.9	4.5	17.2
June	31.5	2.6	19.3	3.5	16.4

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

	Austria	Germany	Italy	Canada	United States
	(b) (h)	(a)	(e) (i)	(c) (d)	(f)
Monthly Average	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.
1929	379	5,745	1,017	4,831	59,867
1932	221	3,242	840	3,092	31,508
1933	245	3,479	759	2,845	33,476
1934	253	4,165	714	3,183	36,202
1935	262	4,682	...	3,294	37,992
1935-June	248	4,569	720	3,093	37,962
July	258	4,619	...	3,417	39,823
August	269	4,867	...	3,068	37,969
September	288	5,158	...	4,392	40,468
October	318	5,573	...	4,675	45,551
November	310	5,061	...	3,593	40,103
December	279	4,690	...	3,108	38,215
1936-January	218	5,016	...	2,880	40,672
February	218	4,927	...	2,947	38,414
March	243	5,103	...	3,350	38,943
April	228	4,621	...	...	...
May	...	4,776	...	...	...

* Inc. live-stock. (a) "Reichsbahn." Excl. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenues of at least \$500,000. (d) Including free-hauled. (e) Excluding free-hauled. (f) Long ton = kg. 1,016.05; mile = metre 1,609.34. (g) Fiscal year ending June 30. (h) From January, 1932, onwards figures relate to 4-week periods. (i) Figures from 1933 not comparable with previous figures.

UNEMPLOYMENT

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.)

End of Month	U.K.	Belgium	Denmark	Germany	Nether-lands	Norway	Sweden	Australia	Canada
1921-June	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	19.1
December	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1927-June	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	9.1
December	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.4
1928-June	10.7	0.6	13.5	6.2	4.4	14.4	7.6	11.2	3.4
December	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.4
1929-June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	11.4
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	18.6
1930-June	15.8	1.9	8.7	19.6	5.5	10.8	23.3	18.5	17.0
December	20.2	9.2	25.1	31.7	18.2	25.5	27.6	27.6	16.9
1931-June	21.8	9.0	11.3	29.7	11.7	21.1	27.1	21.1	21.1
December	20.9	17.0	32.2	42.2	27.8	27.2	27.1	28.0	21.1
1932-June	22.9	18.7	24.9	43.1	27.2	28.2	19.1	30.0	21.1
December	21.7	18.6	42.8	43.1	34.5	42.4	31.5	28.1	21.1
1933-June	19.5	14.4	21.9	...	...	...	...	...	...
December	17.6	19.9	37.5	22.6	40.0	39.2	27.7	23.0	18.9
1934-June	16.4	17.1	15.5	13.8	29.1	27.2	14.6	30.9	18.9
December	16.1	22.2	30.3	14.3	37.9	32.8	25.0	27.7	18.9
1935-June	15.3	15.8	12.6	10.0	32.9	21.1	12.7	17.8	18.9
December	14.2	17.9	31.7	13.7	40.7	26.0	22.5	13.7	18.9
1936-February	15.4	16.6	30.5	13.5	41.2	26.7	18.4	...	...
March	14.4	15.6	25.9	10.3	38.5	24.6	17.4	13.4	18.9
April	13.8	...	18.9	9.2	35.81	...	14.9	...	...
May	13.0	...	12.8	7.8	34.61	...	...	...	...
June	13.1	...	11.3	...	...	...	...	...	...

Number of Workers Covered by Last Returns

Millions	U.K.	Belgium	Denmark	Germany	Nether-lands	Norway	Sweden	Australia	Canada
1921	12.8	0.8	0.40	6.9	0.6	0.06	0.4	0.4	0.4

† Ex. Irish Free State since March, 1923. ‡ Provisional figure.

SECURITY VALUES

	United Kingdom	Nether-lands	Sweden	Switzerland	Canada	United States
	"Bankers' Magazine"	Official	Official	Banque Nationale	Official	Standard Statistics Co.
	365 representative securities	48 Ordinary Industrial Shares	52 Industrial and Shipping Shares	(/ 26/33 Industrial Shares	(i) Common Industrial Shares	342 Industrial Shares
Base	Dec., 1921 = 100	1921-25 = 100	Dec., 1924 = 100	Nom. value = 100	1926 = 100	1926 = 100
1930-June	110.0	(b) 135.5	(c) 119.0	(d) 148.2	(e) 209.3	(f) 143.1
December	112.5	118.5	114.4	90	131.8	120.3
1931-June	111.1	103.6	108.6	50	120.1	91.1
December	102.2	90.7	98.5	35	79.4	74.3
1932-June	111.0	78.9	100.6	25	80.7	48.8
December	116.1	85.8	109.4	35	87.3	58.4
1933-June	118.7	105.1	114.3	39	64.8	103.6
December	122.6	108.4	121.8	34	71.3	107.6
1934-June	125.3	114.5	125.5	28	83.0	125.4
December	132.7	113.5	128.6	33	90.0	145.2
1935-June	130.3	125.2	128.6	39	103.0	177.8
December	129.5	120.1	128.4	34	89.3	162.3
1936-Mar.	130.2	125.2	128.6	39	103.0	176.1
Apr.	131.5	127.1	130.1	37	105.0	178.5
May	131.1	124.8	129.1	37	104.5	180.6
June	130.6	125.1	128.8	38	109.6	181.7

(a) Fixed interest. (b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest quotations on each Wednesday. (f) Shares of companies with capital of more than \$ million francs. (g) On 25th of month. (h) End of month. (i) 1927-1928, 79 shares; 1929, 92; 1930, 100; 1931, 98; 1932 and 1933, 94; 1934, 87. (j) Average of closing prices on each Thursday of month. (k) Not comparable with previous figures owing to change in the number of companies and revaluation of their capital.

THE ECONOMIST
TRADE SUPPLEMENT

New Series

SATURDAY, SEPTEMBER 26, 1936

No. 160

THE STATE OF TRADE

THE latest evidence of business conditions in this country indicates that recovery has as yet lost none of its momentum. The normal seasonal decline in activity has been scarcely noticeable this year, for unemployment continued to decline fairly rapidly throughout the summer. The acceleration of recovery early this year was probably encouraged by the Government's rearmament programme and by the policy of keeping interest rates low by the maintenance of ample supplies of credit. The upward trend of commodity prices has also tended to stimulate activity in certain industries by inducing an increased volume of orders. Meantime, all the indications point to a further expansion of activity during the winter; but it is difficult to see how the present rate of advance can be kept up in view of the growing scarcity of skilled labour.

The sustained expansion of business is reflected in the rise of the *Economist's* index of business activity shown on this page. The index advanced from 107 (1935 = 100) in July to 108½ in August, when it was 9 per cent. higher than a year ago. Of the 14 constituent series shown on page

23, eight registered a rise between July and August, three remained unchanged, and three, including those relating to the consumption of coal and cotton and British exports, showed a decline. All the indices are now appreciably higher than a year ago.

Employment rose to a new record level in August, when the number of persons, aged 16 to 64, employed in Great Britain was 10,961,000, an increase of 66,000 over July and of 500,000 over August, 1935. The improvement between July and August was well distributed geographically, only the North-west of England registering a decline. As a result of the continued fall in unemployment the proportion of insured persons out of work was reduced to 12.3 per cent. last month.

Reports from the majority of individual branches of activity remain favourable. Demand for iron and steel, for example, is still growing, for the principal consuming industries, including constructional engineering, the automobile and general engineering trades as well as shipbuilding, are still expanding. Indeed, the iron and steel industry, though working at capacity, is unable to keep fully abreast of demand, despite increased imports of semi-finished materials. Again, there are no signs of a setback in building activity, for the gradual decline in unassisted residential construction has been offset by increased State-assisted and non-residential building. As British industry is now going through a period of intensive re-equipment, non-residential construction is expected to increase further, even though the current rate of activity is well above the pre-depression level.

The majority of consumers' good trades, especially those which do not depend mainly on foreign markets, are also gaining ground with the improvement in general business conditions. Most branches of the textile industry, including

cotton, as well as trades engaged in the production of food, drink and clothing, are much busier than a year ago.

Many sections of industry, however, especially the metal and other capital equipment trades, appear to have reached a point where available resources of both skilled labour and machinery are fully employed. Capacity is being extended rapidly with the help of increased imports, particularly of machine tools, but the lack of skilled labour—a gap which cannot easily be filled at short notice—appears to hamper certain industries, such as engineering. In these circumstances there is a possibility of a more rapid increase in costs which would act as a brake on further expansion. Incidentally, the difficulty of keeping abreast of the increase of home demand partly explains the slow improvement in exports which, in August, were only slightly above the level of the corresponding month a year ago.

The marked rise of the prices of raw materials and crude foodstuffs, such as grains and non-

HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of September. In the remainder they relate to the month of August.

COAL

On a daily basis, the August output of saleable coal, at 17,056,000 tons, was practically unchanged compared with July, but both production and employment showed an improvement over August, 1935. Exports, however, were below the level of the corresponding month in the two preceding years; no shipments were made to Italy, and sales to a number of British countries showed a decline compared with 1935. In part, this position is a reflection of the active home demand, and export markets are thus firmer than would otherwise have been the case. Industrial grades of coal and coke remain in active demand from home users, and some qualities are difficult to obtain. Demand for house coal has, however, been quiet in recent weeks.

IRON AND STEEL

Activity showed a slight seasonal decline during August; pig iron production was reduced from 21,326 tons per day in July to 20,509 tons per day in August, and the average daily output of steel was curtailed by 1,170 tons to 34,908 tons in August. But, as our index of the consumption of iron and steel shows, home consumers' requirements, after allowing for seasonal variations, reached a new record. Actually, demand was so well maintained during August that producers found it impossible to build up a reserve in August to ease the situation during the autumn and winter. The lull in inquiries has been of short duration this year, and all indications point to a further expansion of demand. The semi-finished section of the industry, though working at capacity, is finding it difficult to meet current requirements, and many producers of finished steel are needing increased time for the completion of orders. It is scarcely surprising, therefore, that the improvement in exports has not been maintained.

ENGINEERING

The re-equipment of British industry is making heavy demands on the various branches of the engineering industry. In view of the pressure of home demand the improvement in exports has tapered off, the volume of shipments in August being actually lower than a year ago. Moreover, the industry is being increasingly hampered by the scarcity of skilled engineers, especially in the production of machine tools. To some extent the pressure of home demand is being eased by increased imports; during August, for example, imports amounted to 8,227 tons, compared with 5,421 tons a year ago. Imports of machine tools alone (mainly from the United States and Germany) rose from 618 tons, valued at £1,068,285, in August, 1935, to 1,632 tons, valued at £2,060,193, during the past month. Meantime, there are no signs that the expansion of demand has reached its peak. New business continues active, the agricultural and textile machinery sections and the railway equipment branch being among the few departments to show a slight falling-off in business during the past month.

ELECTRICAL ENGINEERING

Both home and export orders for heavy electrical machinery continued to increase rapidly during the past month.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1928—August	74	86	78
1929 "	88	140	102
1930 "	63	245	109
1931 "	51	132	70
1932 "	56	68	54
1933 "	52	89	61
1934 "	71	123	87
1935—August	85	122	99
September	71	135	93
October	70	141	93
November	79	150	102
December	89	141	106
1936—January	90	149	110
February	97	152	115
March	107	151	122
April	118	169	136
May	115	176	136
June	119	188	142
July	127	191	147
August	148	200	165

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

MOTOR INDUSTRY

Activity continues on a high level, and the number of vehicles in use in this country continues to expand. The season's production of private cars to the end of July totalled 307,988 units, against 266,866 to the same date last year; while the output of commercial vehicles during the same period amounted to 91,036, compared with 78,833 a year ago. New registrations of private cars in July were 10 per cent., and new registrations of goods

vehicles almost 20 per cent., in excess of last year's corresponding figures. Exports remain well above the level of a year ago, both in quantity and value terms. Imports of commercial vehicles are also running above the 1935 level, but imports of private cars are substantially lower on the year.

CHEMICALS

A steady though rather limited business was transacted in most sections of the home chemical market. However, August was an exceptionally good month for sales of wood distillation products, in comparison with the same month in previous years. Grey acetate of lime, wood tar, charcoal and wood naphtha were particularly good items. In the coal-tar products market active interest was shown in tar acids, but business was quiet in other directions. There was a decrease of £27,379 in the value of exports in August as compared with the same month of 1935, the total decrease for the eight months of the year 1936, as compared with the first eight months of 1935, being £149,977. Imports showed a further increase in August.

ELECTRICITY
GENERATION OF ELECTRICITY*

	Output mill. k.w.h.	Index 1929 = 100
1929	858	100
1930	910	106.0
1931	951	110.8
1932	1,020	118.9
1933	1,130	131.6
1934	1,288	150.0
1935	1,464	170.5
1936—August	1,189	138.5
September	1,320	153.8
October	1,650	192.2
November	1,758	204.9
December	1,929	224.8
1936—January	1,970	229.5
February	1,824	212.4
March	1,753	204.2
April	1,554	181.0
May	1,457	169.8
June	1,334	155.5
July	1,403	163.6
August	1,332	155.3

* By authorised undertakers in Great Britain

COTTON

Available data suggest that the position of the industry has undergone little change during the past month, but that the gain over a year ago is well maintained. Raw material prices have been subjected to sharp fluctuations and have tended upwards in response to an unexpectedly bullish crop report of the Washington Government. The percentage of spindles in full production in August was unchanged at 79, against 70 a year ago; the *Economist* index of cotton consumption was 110½, against 120 in July and 100 in August, 1935. In the American section, demand has run chiefly on coarse and medium counts, while spinners of Egyptian yarns have sold more freely. On the whole, exports compare favourably with those of a year ago, but conditions remain somewhat patchy.

WOOL

Apart from a further slight decline in the worsted weaving branch, the position of the industry showed little change in August. Employment in the woollen section was considerably better than at this time last year. Exports of tops and yarns were above, and shipments of tissues rather below, the level of August, 1935. In recent weeks the raw material has been firm in price, and competition at the London auctions was good. Yorkshire mills are generally fairly busy, especially those weaving woollen tissues. Meanwhile, the placing of orders for spring dress goods is expected to result in a substantial increase in the volume of work on hand in the near future.

JUTE

Although the industry remains acutely depressed, a slight further improvement was recorded during the past month. The continuance of the mills' dispute in India remains an unsettling factor, but it is now expected that a settlement may be reached.

RAYON

Although some sections of the trade are fairly busy, business in rayon yarns still suffers from seasonal slackness. The weaving section is busier than the hosiery trade, but sales of dress goods and finer fabrics generally are slow to expand. But there are reported to be indications that business will be very brisk towards the end of the year, and yarn production is consequently maintained at a high level.

LINEN

With supplies at a minimum, flax prices have been firm. In view of the smallness of stocks, prices are likely to remain at a high level until new crop material is marketed. Meanwhile, spinners and weavers remain busy, an encouraging feature being the substantial improvement in linen exports to the United States.

BOOTS AND SHOES

A seasonal improvement occurred last month and employment was appreciably better than a year earlier. Exports in August were, however, smaller than in the same month of 1935.

POTTERY

Following the termination of local holidays, employment in North Staffordshire registered an improvement at the end of August. Although shortages of skilled labour were reported in some occupations, short-time working is still common.

AGRICULTURE

The corn harvest became general about the middle of August. The yields of wheat, barley, oats and potatoes are at present estimated to be below average. Average crops of turnips, swedes and mangolds may, however, be expected. The sugar beet crop is likely to be rather below average, while the yield of hops is expected to be equal to the average of the previous ten years. The general quality and condition of hay is not good. The yield of seeds hay is expected to be below and that of meadow hay slightly above the average yield for the ten years 1926-35. Cattle

and sheep made good progress during August. Milk yields have been well maintained.

SHIPPING

A further substantial improvement in freight rates during August is reflected in a 5.5 per cent. advance in the *Economist* index to 97.5 (1898-1913 = 100), following a rise of 2 per cent, in July. The markets have continued to present a firm appearance in recent weeks, and prospects are fairly good.

BUILDING

The volume of building activity has been well maintained in recent weeks. There are indications that unassisted residential construction is gradually tapering off, but State-assisted building to improve the housing conditions of the poor by the elimination of slums and overcrowding is likely to expand further. Non-residential construction, moreover, is still rapidly expanding. The August figures of the value of building plans approved by 146 local authorities show a slight increase over the corresponding month last year in the case of dwelling-houses and a more marked expansion in non-residential plans. Consequently, no slump in building activity as a whole seems imminent. Meanwhile, the *Economist* index of building activity is unchanged on the month.

HOME TRADE STATISTICS—AUGUST, 1936

	July, 1936	August, 1936	Compared with August, '35
UNEMPLOYMENT— (State Insurance %)	12.7	12.3	- 0.4
PRODUCTION—			
Coal (million tons)	4.0	4.1	+ 0.2
Iron (thous. ")	661.1	635.8	+ 92.4
Steel (thous. ")	974.1	872.7	+ 112.8
FOREIGN TRADE—			
Imports (million £'s)	68.7	66.1	+ 7.0
Re-exports (million £'s)	5.0	4.4	+ 0.2
British Exports (million £'s)	40.1	35.3	+ 0.4
TRANSPORT—			
Railway Receipts (thous. £'s)	3,494	3,393	- 39
Shipping Freights (av. level)	79.4	83.8	+ 13.2
COMMODITY PRICES (av. level)	71.7	72.8	+ 4.9
TRADE DISPUTES (thous. working days loss)	83	76	- 61
SECURITY VALUES (av. level)	129.4	131.0	+ 5.2

FINANCIAL DATA—

	July, 1936	August, 1936	Compared with August, '35
Bank of England Notes (Mill. £'s)	445	448	+ 44
Bank Deposits (Mill. £'s)	2,170	2,170	+ 157
Bank Advances (Mill. £'s)	853	845	+ 80
Banks' Cash Ratio (%)	10.0	10.4	- 0.2
Bank Clearings:			
London (Million £'s)	741	706	+ 66
Manchester (Million £'s)	10.3	9.2	+ 1.1
Three Months' Bank Drafts (Discount Rate %)	1½	1½	- ¼
Day-to-Day Loans (%)	1½	1½	- ¼

(1) 1913 = 100. (2) *Economist* Index No., 1927 = 100.
(3) *Bankers' Magazine* Index No. of 365 securities; December, 1921 = 100. (4) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.
* Average weekly figures.

INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1935 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Twelve Months' Moving Average
1929	98½	103	68	127	76	95	60	97	111	98½	137½	108½	91	109	98½	
1930	94½	98½	68½	115½	80½	96½	65½	84½	82	88	109	107	89	112	95	
1931	91	92	69	98½	83½	95½	62	73	86	82½	80½	97½	86½	96½	87½	
1932	90	90	71½	86	86	94½	57	59½	94	82	94½	86½	86½	84	...	
1933	93½	90	78	89½	89½	96½	72½	70	101	92½	85	96	91	88	...	
1934	97½	97½	88½	100	95	97½	88½	93½	98½	100	92½	98	95½	96	...	
1935	100	100	100	100	100	100	100	100	100	100	100	100	100	100	...	
1935—August	94½	88	76½	90½	90	95½	76	74	113	110	86	95½	90½	85½	90½	
September	95	93½	77	93½	90	95	78½	79½	110½	102	92	97½	93	95	92½	
October	95½	90	78½	94½	91½	96	79	79½	97½	98½	97½	97	93	93	91	
November	96	93	84½	95½	92	96½	80	80½	103½	98½	87	97	92½	94½	92½	
December	96	95	86½	99½	92½	98½	80½	84	96	96	96	97	93	95½	92½	
1934—January	96½	106½	84½	97½	93½	97	81	84½	104½	107	91	103½	94	98	96	
February	96½	93	84	100½	93½	98	83	92½	105	102½	88½	99	94½	113	95	
March	97	99½	86½	99½	94½	96	84½	96	92	92	90½	99½	95	103	95	
April	97½	94½	85	99	94½	96½	86	94½	98½	95	89½	97	95	96	95	
May	97½	94½	85	99	94½	96½	86	94½	98½	95	89½	97	95	96	95	
June	97½	94½	85	99	94½	96½	86	94½	98½	95	89½	97	95	96	95	
July	98	92½	87½	102½	97	98	90	95½	98	114	99	98	93	89	96½	
August	98½	97	88½	102½	97	96	90	95½	98	114	99	98	93	89	96½	
September	98½	97	88½	102½	97	96	90	95½	98	114	99	98	93	89	96½	
October	98½	97	88½	102½	97	96	90	95½	98	114	99	98	93	89	96½	
November	98½	97	88½	102½	97	96	90	95½	98	114	99	98	93	89	96½	
December	98½	97	88½	102½	97	96	90	95½	98	114	99	98	93	89	96½	
1935—January	98	96	92	103½	98½	98	93½	98½	98	85	95½	95	98	110	97	
February	98	96	92	99	98½	99	95	94½	92	91½	104	97	98	94½	97	
March	98½	92½	93	98	98½	95½	96½	97	94	85	98½	97	98	92	96	
April	99	98	97	97	99	101	98	92	90	100	81½	96½	97	97	98	
May	99½	102	97	100½	99	98	100	93½	96	100½	97	100½	99	100	99	
June	99½	102	97	100½	99	98	100	93½	96	100½	97	100½	99	100	99	
July	100	99½	97	99	99	98	98	94	98	112	108	96	100	99	99	
August	101	92½	99	100	99	100	99	100	100	100	97	100	99	98	100	
September	101	92½	99	100	99	100	99	100	100	100	97	100	99	98	100	
October	101	100½	99½	88	100	101	102	105	96	104	103	101½	102	98	101	
November	101	105	101½	101½	101	99½	103½	102½	98	102½	98	99	96	96	101	
December	101	104	102	103	101	100½	105½	102½	107	106	99	101	99	96	101	
1936—January	101½	105½	108½	102½	102	104	108	113½	99	117	99½	103	103	112½	104½	
February	101	107	104	104	103½	101	106½	117	106½	98½	92	98	98	91	101½	
March	102	100½	105	102	104	101½	107½	115	100	99	102½	100½	99	94	97	
April	102½	98	105	105½	104½	102	107	128	110	110½	101	98½	101	97	104½	
May	103	103½	111	106½	104½	102	106½	128	110	112½	109	99½	100	103	96½	
June	104	102½	107	105	105	102	107½	116	119	120	96	102½	104	104	105½	
July	104	105½	107	104½	105½	101	109	123	120	122	107½	101	104	107	107	
August	105	105½	109	103½	105	103	109	130	119	122½	103½	107	106½	103½	108½	
Source: Statistical Abstract for the United States, 1936, p. 103. Revised, p. Provisional.																

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—The new season wool sales opened strongly, wheat crops promise heavy yields and pastoral conditions are generally satisfactory, states a cable from the National Bank of Australasia. According to the same authority, there has been some irregularity in trade, but turnovers generally exceed those of August, 1935. Building continues active, the Stock Exchange is buoyant, and industrial profits continue on the up-grade.

South Africa—Business activity remains at a high level. Farming conditions are fairly favourable generally, according to the Standard Bank, but the maize market is subject to continual fluctuations in accordance with crop reports. The new season's wool clip is estimated at 262 million lbs., against about 238 million lbs. last season. The briskness of business at Johannesburg is spreading; the building and allied trades remain well employed and prospects are deemed satisfactory. Railway earnings remain above Budget estimates.

Canada.—The seasonal revival in business has been accelerated, according to the Canadian Bank of Commerce, by the early harvest on the prairies and by activity in forestry, mining and some of the heavy and secondary industries. Residential construction has been active, but other building is comparatively quiet. Tourist traffic this summer has been the heaviest for five years. The western wheat crop is estimated to be about 60 per cent. of normal and about 85 per cent. of last year's crop.

India.—The total area under wheat in India is officially estimated at 33,631,000 acres, or 2 per cent. below the 1935 figure of 34,490,000 acres. The total yield is estimated at 9,435,000 tons, against 9,728,000 last year—a fall of 3 per cent. Meanwhile, industrial production continues to go ahead and shows a significant improvement over the past year. Imports in July were slightly below, and exports above, the corresponding figures for 1935.

EUROPE

France.—Industrial activity has not yet recovered from the setback earlier this year. The official index of production, for example, remained unchanged at 98 (1913 = 100) in July, compared with 102 a year ago. Unemployment also is still appreciably higher than last year, the number of applicants for work at the end of August amounting to 458,543, compared with 415,964 last year. Moreover, industry is still hampered by industrial disputes arising from the legislation earlier this year. Prices, meantime, are steadily rising, but quotations for industrial securities remain at a low level, a reflection of the lack of confidence prevailing among business men and investors.

Germany.—Industrial activity continues at a high level. The number of officially recorded unemployed declined further, from 1,169,900 at the end of July to 1,098,000 at the end of August, compared with 1,706,200 a year ago. The heavy industries, particularly, are very active under the stimulus of re-armament expenditure. Output of iron and steel and coal is well above the level of a year ago and the engineering industry is fairly active, having benefited from the increasing orders placed by the United Kingdom. On the other hand, a number of consumers' goods industries, including textiles, appear to be hampered by the shortage of raw materials. Commodity prices are scarcely changed on the month, but quotations for industrial securities have recently tended to sag, partly owing to a decline of confidence in Germany's ability to maintain the current volume of industrial production and profitability.

Norway.—The steady upward trend of foreign trade continued in August, especially as regards imports. The rise in imports is due mainly to increased imports of raw products, ships and machinery. Unemployment is practically unchanged on the month, but appreciably smaller than a year ago. Industrial production in July showed a seasonal reduction compared with June, but the index rose from 91 in July, 1935, to 107 this year. There was a slight increase in unemployed shipping tonnage, due to a deterioration in the tank freight market.

Poland.—Industrial activity is gradually expanding; the index of industrial production rose from 65.9 (1929 = 100) in July, 1935, to 71.9 in June and to 72.0 in July, 1936. The number of applicants for work is slightly lower than a year ago. Imports and exports are also running above the level of 1935.

Sweden.—Business activity is well maintained at the higher level. The extent of the progress made during the past year is reflected in the rise of the index of industrial production, from 126.9 (1929 = 100) in July, 1935, to 135.8 in the corresponding month this year. The value of both imports and exports shows a strongly rising trend and unemployment is below last year's level.

Holland.—There are faint signs of improvements in business conditions here and there, though there has as yet been no reduction in unemployment and hardly any increase in industrial production. Both imports and exports in August, however, were above the level of the corresponding month in 1935.

UNITED STATES OF AMERICA

Recovery continues steadily and is embracing a growing number of branches of activity. Progress is reported in mining, manufacturing, building, transport and overseas trade. Agriculture is

the only industry to have suffered deterioration, a consequence of the drought, but the money income of the farming community is expected to be higher than last year owing to the steep rise in prices. The normal seasonal decline in industrial activity was scarcely felt this summer. Steel production, for example, has been maintained at about 70 per cent. of capacity throughout the holiday period. The *Annalist* index of business activity for August is 101.5, compared with 102.0 in July and 84.9 in the corresponding month last year. It is noteworthy, meantime, that the expansion of industrial production is disclosing a shortage of capacity in a number of industries, including iron and steel, just as the growing prosperity of the country is revealing a shortage of housing accommodation. Hence, a more marked expansion in the activity of the capital equipment and building industries may be expected in the future.

AMERICAN TRADE STATISTICS—AUGUST, 1936

	July 1936	August 1936	Compared with August '35
EMPLOYMENT —(1923-25 = 100)†	87.7	...	+ 7.3
PRODUCTION —			
Bituminous coal (Thous. tons)	32,054	32,818	+ 6,838
Pig-iron { " " }	2,594	2,711	+ 930
Steel { " " }	3,923	4,195	+ 1,276
<i>Steel Corporation—shipments</i> (Thous. tons)	951	924	+ 300
<i>Building permits (Thous. \$)</i>	95,282	83,110	+ 27,591
FOREIGN TRADE —			
Imports (Thous. \$)	193,409	...	+ 15,711
Exports { " " }	178,324	...	+ 4,953
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	708	740	+ 120
SECURITIES —			
30 industrial stocks—			
Highest quotations†	167.01	169.10	+ 40.11
Lowest quotations†	155.60	160.80	+ 35.87
Thous. shares sold during month— (New York)	34,787	26,073	— 16,850
Capital issues excl. refunding (Thous. \$)	102,769	216,510	+ 64,973
BANK DEBITS —			
New York (Million \$)	16,199	14,363*	— 370
Other cities { " " }	18,617	17,122*	+ 1,478
RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$)	66,491	64,805*	+ 14,734

* Preliminary estimates made by Messrs Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partly estimated. || Compared with July, 1935.

LATIN AMERICA

Shipments of grain from Argentina have not been as large as had been anticipated, and, owing to the limited Argentine supply, no substantial increase is expected in shipments of wheat, linseed and oats. Maize exports, however, are expected to rise to 200,000 tons per week from the present 150,000 tons level. Wheat and linseed quotations have now reacted from the high levels ruling in the early part of August. The Minister of Agriculture has issued an estimate placing the area sown to fine cereals and linseed in 1936-37 at 12 per cent. more than in last season. Exchange difficulties continue in Chile, but trade with Germany continues to expand. Brazilian exports in June were the highest for some eighteen months, this being due mainly to increased shipments of cotton. The improvement in coffee shipments noticeable early in August was not maintained, and that month's exports were only slightly higher than in July. Criticisms continue to be made by British trading interests in Brazil of the German compensation mark trading arrangements with Brazil whereby German imports are expanding at the expense of Great Britain and the United States. Favourable reports are being received regarding the forthcoming Central American coffee crops.

THE FAR EAST

With the clarification of the political situation, the business outlook in Japan appears more favourable. The maintenance of low interest rates is having a stimulating effect, and industrial profits continue generally on the up-grade. Prices also show a rising trend. Although Stock Exchange business was seasonally quiet during August, the tone was steady. Imports fell to 203 million yen in August, against 215 millions in the previous month and 171 millions in August, 1935; exports rose to 237 million yen, against 230 millions in July and 213 millions in the same month of last year. Meanwhile, China's foreign trade continues above last year's level, imports in August amounting to \$70.4 millions and exports to \$55.3 millions, against \$56.2 millions and \$45.3 millions, respectively, in the same month of 1935.

STATISTICS

In the following tables we give trade and other statistics for as many countries of the world as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations (published by George Allen and Unwin, Ltd.).

PRODUCTION (Thousands of Metric Tons)

COAL														LIGNITE		
Period Monthly Average	United Kingdom	Belgium	Czecho- slovakia	France	Germany	Nether- lands	Poland	U.S.S.R.	Canada	South Africa	British India	Japan	United States	Czecho- slovakia	Germany	Hun- gary
	<i>a</i>		<i>b</i>		<i>c</i>	<i>d</i>				<i>e</i>	<i>f</i>	<i>g</i>		<i>h</i>	<i>i</i>	<i>j</i>
1913	24,337	1,903	1,199	3,338	15,842	156	748	...	1,037	665	1,311	1,776	43,088	1,927	7,269	480
1929	21,837	2,485	1,377	4,482	19,620	965	3,653	3,472	1,023	1,052	1,893	2,855	46,026	1,880	14,538	687
1932	17,717	1,743	913	3,356	8,723	1,083	2,403	5,358	625	805	1,581	2,338	27,183	1,322	10,218	494
1933	17,525	2,107	879	3,906	9,141	1,048	2,283	6,020	645	872	1,526	2,130	28,967	1,255	10,586	492
1934	17,525	2,199	898	3,967	10,465	1,028	2,436	7,792	801	992	1,703	2,755	31,398	1,272	11,440	517
1935	18,877	2,207	914	3,851	11,918	990	2,395	8,652	776	1,104	1,765	2,909	31,576	1,269	12,282	560
1935—August	17,167	2,245	890	3,690	12,098	973	2,337	8,671	748	1,224	1,410	2,599	26,039	1,226	12,343	510
September	18,007	2,198	1,004	3,719	11,978	957	2,344	8,560	771	1,110	1,661	2,760	26,365	1,280	12,614	571
October	20,152	2,402	1,087	4,146	13,455	1,081	2,826	9,722	923	1,178	1,688	3,086	37,166	1,409	13,814	738
November	20,805	2,205	1,115	3,987	13,178	991	2,536	9,004	876	1,137	1,738	3,145	32,722	1,463	13,751	749
December	19,968	2,283	1,055	3,815	13,049	1,011	2,497	10,781	774	1,119	1,836	3,279	35,788	1,416	13,471	701
1936—January	21,905	2,327	1,000	4,087	13,679	1,056	2,556	10,270	760	1,161	1,907	3,295	39,753	1,373	13,303	662
February	19,955	2,337	909	3,855	12,626	960	2,260	10,267	776	1,142	1,136	3,148	37,467	1,275	12,389	572
March	20,303	2,470	916	3,956	12,872	1,016	2,147	10,619	729	1,183	1,907	3,434	30,330	1,320	12,387	523
April	18,195	2,435	927	4,059	11,876	1,020	2,055	10,224	708	1,120	1,876	3,091	31,488	1,250	12,013	473
May	18,994	2,319	859	3,870	12,156	979	2,059	9,377	829	1,206	1,854	3,133	30,168	1,091	12,589	452
June	17,136	1,359	890	3,434	12,300	985	2,064	9,495	850	1,241	1,683	...	30,275	1,137	12,830	...
July	18,460	...	...	...	...	...	...	9,509	...	...	...	...	32,054	...	...	...
													32,918			

PIG IRON

[illegible]

^a Figures for Luxembourg communicated by the "Groupement des Industries Sidérurgiques,"
since 1921, excluding Poland, British Provinces and
Since 1922, excluding Polesia Upper Silesia. ^b Establishments whose production
Since March, 1935, Saar Territory included
^c Including coal waste.

WHOLESALE PRICES

Monthly Average	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Holland	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economist																
1913	b	100	1100	a	e	100	100	a	100	100	m100	...	100	1100	100	1100	100	100
1929	...	127.2	851	100	150	627	137.2	100	481	149	96.8	100	140	141.2	165.7	141	149.4	111.0
1929	85.6	86.1	532	74.5	117	427	98.5	84.8	316	122	65.5	191.0	100	96.0	129.7	91	104.2	91.5
1932	85.7	86.9	501	72.2	125	398	93.3	63.1	a283	122	58.1	96.5	107	91.0	129.5	87	104.8	91.5
1933	88.1	90.3	473	74.1	132	376	98.4	63.2	276	124	55.8	99.5	118	89.8	135.2	89	111.8	101.7
1934	88.9	94.3	537	77.2	134	339	102.0	61.7	...	127	53.1	100.8	116	89.8	135.1	91	112.6	94.8
1935	b	...	...	...	...	...	...	a	b	c	...	...	100	e	...	b	...	...
1935—August.....	88.4	93.0	552	77.2	134	330	102.4	61.0	329	128	53.6	99.5	115	91.4	137.8	89	111.9	...
September.....	89.6	96.1	560	77.0	137	333	102.0	62.0	337	128	54.2	99.8	115	92.3	137.4	89	118.0	...
October	91.1	98.5	574	77.5	139	342	103.0	63.5	348	130	54.5	100.7	117	93.8	137.8	89	114.8	98.1
November.....	91.2	98.2	582	77.4	139	348	103.2	62.9	...	130	54.5	102.7	118	92.1	135.9	92	113.8	...
December.....	91.4	98.3	578	77.9	139	354	103.7	62.7	...	131	52.6	103.3	118	91.9	134.1	93	113.6	...
1936—January.....	91.8	98.1	581	77.1	139	359	103.8	62.6	...	131	52.1	101.8	118	91.0	135.5	92	114.0	99.5
February.....	91.7	97.4	582	77.3	139	371	103.8	62.2	...	132	52.2	101.1	118	90.8	134.7	91	113.4	...
March	91.7	97.4	578	77.0	139	376	103.8	61.7	...	132	52.1	101.5	118	90.8	136.6	91	113.2	...
April	91.9	97.4	574	77.0	139	370	103.9	61.7	...	132	53.0	101.1	118	91.9	139.2	92	112.6	99.8
May	91.7	96.0	569	76.5	139	374	103.9	61.2	...	132	53.7	101.3	118	92.0	139.9	90	112.2	...
June	92.6	96.6	570	76.6	139	378	104.1	61.8	...	132	53.9	101.6	118	92.1	140.0	90	112.9	...
July	93.7	98.6	576	75.7	140	392	104.3	62.5	...	132	53.7	...	119	93.0	142.5	91	116.1	96.4
.....	...	...	...	...	142	402	104.7	...	...	134	...	...	120	...	...	...	...	...

^a New Index. ^b End of the month. ^c 15th of month. ^d Beginning of the following month. ^e Official. ^f Second half of month. ^g 1914.
August..... 95.2 100.2 582.1 ... 142.4 402.1 100.0 100.0
ⁱ Since February, 1934, compiled according to the new gold parity. ^h New Index, 1930=100. Earlier years not recalculated. ^j Until 1934 includes 502, since 1934, 587 commodities
1928.

Wholesale Prices—Continued

[illegible]

a The first of the following month.
Monthly figures : 12 towns. Decrease mainly due to substitution of Bulgarian cotton and woollen cloths for foreign clothes.

IMPORTS for Domestic Consumption—Merchandise Only—(000's omitted)

EXPORTS of Domestic Produce—Merchandise Only—(000's omitted)																			
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>	<i>m</i>	<i>n</i>	<i>o</i>	<i>p</i>	<i>q</i>	<i>r</i>	<i>s</i>
	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
July	43,771	65,000	8,800	3,02,882	7,778	1,707,100	53,113	573,351	35,482	841,436	9,917	209,303	60,143	255,453	23,447	68,112	114,700	175,371	2,828
Aug.	43,771	65,000	8,800	3,02,882	7,778	1,707,100	53,113	573,351	35,482	841,436	9,917	209,303	60,143	255,453	23,447	68,112	114,700	175,371	2,828
Sept.	39,930	3,023	2,649,000	494,514	1,092,195	104,973	2,535,111	371,400	1,055,278	580,100	1,289,865	660,143	109,318	156,561	93,534	112,400	67,601	2,133	4,220
Oct.	30,428	2,150	1,234,968	281,925	611,332	90,530	1,641,103	385,818	1,077,160	347,100	567,800	254,631	70,511	90,817	78,950	66,751	47,910	2,106	2,432
Nov.	60,615	1,589	1,169,200	237,200	486,900	96,900	1,558,000	440,000	405,800	428,200	498,300	281,500	60,470	79,970	89,890	71,070	41,310	2,342	2,587
Dec.	34,010	1,521	1,128,000	211,000	603,300	97,900	1,488,000	518,800	347,200	456,000	435,400	323,200	59,320	81,280	108,530	70,380	34,860	2,587	2,858
1935	35,463	1,635	1,317,000	271,100	616,000	100,710	1,288,000	517,000	355,800	591,800	...	335,900	56,280	77,090	107,570	68,500	30,620	2,858	...
1936	36,443	1,719	1,342,000	176,600	572,300	96,740	1,159,000	712,500	359,000	335,000	388,400	305,800	53,950	76,500	111,660	121,700	36,900	1,678	1,370
July	34,883	1,675	1,270,000	150,800	515,100	109,000	1,174,000	723,300	387,000	372,100	425,600	310,400	60,940	77,030	118,200	59,230	33,290	1,130	1,370
Aug.	34,100	1,829	1,351,000	304,100	658,800	108,000	1,180,000	712,500	387,000	372,100	425,600	310,400	60,940	77,030	118,200	59,230	33,290	1,130	1,370
Sept.	39,860	1,998	1,655,000	555,700	771,400	107,800	1,353,000	621,800	362,700	1,047,000	...	493,500	69,910	83,470	121,600	75,860	41,210	4,556	4,866
Oct.	39,860	1,998	1,655,000	555,700	771,400	107,800	1,353,000	621,800	362,700	1,047,000	...	493,500	69,910	83,470	121,600	75,860	41,210	4,556	4,866
Nov.	39,860	1,998	1,655,000	555,700	771,400	107,800	1,353,000	621,800	362,700	1,047,000	...	493,500	69,910	83,470	121,600	75,860	41,210	4,556	4,866
Dec.	34,917	1,750	1,584,000	295,800	693,000	103,000	1,284,000	593,800	415,800	779,000	...	351,700	51,710	86,360	125,110	63,650	14,290	3,193	3,866
1936	34,917	1,750	1,584,000	295,800	693,000	103,000	1,284,000	593,800	415,800	779,000	...	351,700	51,710	86,360	125,110	63,650	14,290	3,193	3,866
Jan.	34,917	1,750	1,584,000	295,800	693,000	103,000	1,284,000	593,800	415,800	779,000	...	351,700	51,710	86,360	125,110	63,650	14,290	3,193	3,866</

IMPORTS for Domestic Consumption—Merchandise Only—(000's omitted)

Value									Quantity (Metric Tons)								
Period	United States	Australia	British India	Canada	New Zealand	South Africa	Japan	Brazil	Belgium	France	Germany	Greece	Hungary	Netherlands	Poland	Switzerland	Brazil
Monthly Average	Dollars	£'s	Rupees	Dollars	£'s	£'s	Yen	Milreis									
1913	147,932	16,355	152,725	54,917	1,785	3,365	60,474	83,958	2,772	3,685	4,698	2,84	...	3,739	...	661	494
1929	361,547	11,841	208,569	108,249	3,998	6,587	180,710	283,978	3,753	4,955	5,565	231	559	2,582	424	726	598
1931	174,038	5,336	113,487	52,342	2,150	4,144	156,745	100,528	3,227	3,987	3,987	212	279	4,424	747	296	206
1932	110,420	5,427	110,660	37,718	2,001	2,606	115,300	126,559	2,612	3,971	2,762	198	176	2,049	149	727	278
1933	119,420	5,408	95,630	33,430	2,082	3,961	156,900	180,400	2,558	4,036	2,948	158	148	2,067	196	681	321
1934	136,330	5,522	104,370	42,790	2,564	5,366	187,200	208,600	2,644	3,819	3,701	166	197	1,895	213	696	331
1935	169,891	5,639	111,770	45,860	2,983	6,100	202,200	321,300	2,545	3,718	3,948	200	232	1,703	214	624	358
1935—																	
July	73,100	6,430	99,690	48,410	2,909	6,423	187,000	367,100	2,593	3,898	4,327	259	237	1,809	192	781	366
August	80,380	7,021	111,480	49,580	3,573	6,442	166,400	349,400	2,498	3,741	4,040	211	246	1,834	209	664	382
September	168,680	6,525	100,970	44,690	3,142	5,771	129,600	353,900	2,683	3,489	4,047	194	267	1,759	206	639	415
October	189,810	7,575	117,400	52,750	3,572	6,569	170,400	334,900	2,801	3,822	3,937	199	322	1,968	232	690	395
November	162,830	7,040	123,870	55,950	3,010	7,043	209,700	375,200	2,613	3,615	3,789	223	344	1,822	211	627	360
December	179,490	6,645	104,020	38,570	3,153	6,491	243,000	364,100	2,824	3,967	3,981	207	332	1,526	245	602	353
1936—																	
January	185,350	7,972	129,020	40,590	3,559	6,913	241,300	344,400	2,637	3,700	4,123	204	269	1,636	265	481	338
February	189,860	6,525	104,420	41,597	2,950	6,185	248,100	279,700	2,549	3,859	3,862	189	186	1,361	218	470	267
March	195,350	6,781	107,630	52,760	2,991	6,761	271,000	363,800	2,666	3,977	4,095	192	216	1,520	205	500	319
April	199,790	6,416	100,370	42,220	3,505	6,944	243,000	330,600	2,682	4,114	4,277	171	291	1,580	248	548	326
May	188,420	6,743	101,290	59,120	3,196	6,068	236,400	376,700	2,743	3,987	4,265	228	327	1,548	236	526	...
June	192,970	6,594	97,570	57,600	3,397	7,099	223,500	328,100	2,363	3,741	4,600	229	296	1,744	211	643	...
July	193,408	8,252	197,390	53,820	3,492	7,327	215,000	...	...	...	...	...	...	...	...	...	...
August	...	...	...	...	...	...	203,000	...	...	...	...	...	...	...	...	...	...

EXPORTS of Domestic Produce—Merchandise Only—(000's omitted)

[illegible]

* General trade. b Sea-borne trade only. c Including ships' stores. d Excluding a few articles shown by number. e Until Feb., 1923, Julian Calendar; excludes articles shown by number. f General trade, gross weight. g Until 1927 fiscal year beginning July 1st. h Including Luxembourg. i Until 1929, excluding live stock and articles shown by number. j Excluding weight of live animals. k Excluding preparation deliveries. m Including gold exports except in 1913. n 1914. o Since May, 1922, figures refer to "Union Economique 14-16 Luxembourg-ville." p From February 1835 Saar included in Germany instead of France. q English currency values. r Including trade of Formosa and Korea. s Provisional figure.

